

CITY OF EMPORIA

522 Mechanic
Emporia, Kansas 66801

Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2004

**Prepared by the Finance Department
of the City of Emporia, Kansas**

CITY OF EMPORIA, KANSAS

Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2004

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INTRODUCTORY SECTION



THE CITY OF
EMPORIA

City Manager's Office/522 Mechanic/P.O. Box 928/Emporia, KS 66801-0928/620-343-4251

Raymond A. Ioso, Mayor
Julie Johnson, Vice-Mayor
Dale K. Davis, Commissioner
Tom Myers, Commissioner
Francis G. Walters, Jr., Commissioner
Steve Commons, City Manager

Honorable Mayor and
City Commissioners
City of Emporia
Emporia, Kansas

Honorable Mayor and City Commissioners:

I hereby transmit the Comprehensive Annual Financial Report of the City of Emporia, Kansas as of December 31, 2004 and for the year then ended. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management believes that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are discussed by the Director of Administrative Services in his accompanying letter of transmittal, and within that framework, I believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Emporia for its comprehensive annual financial report for the year ended December 31, 2003. This was the nineteenth consecutive year the City has received this award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized, comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The accompanying report consists of four parts:

1. Introductory section, including the Director of Administrative Services' letter of transmittal.
2. Financial section, including the financial statements and supplemental data of the City accompanied by our independent auditors' opinion and Management's Discussion and Analysis (MD&A). The letters of transmittal are designed to complement MD&A and should be read in conjunction. The MD&A can be found immediately following the report of the independent auditors.
3. Statistical section, including a number of tables of unaudited data depicting the financial history of the City for the past ten years, information on overlapping governments, and demographic and other miscellaneous information.

Kansas Statutes Annotated 75-1122 requires an annual audit to be made of the books of account, financial records, and transactions of all administrative departments of the City by independent Certified Public Accountants or Licensed Municipal Public Accountants selected by the City Commission. This requirement has been complied with, and our auditor's opinion has been included in, this report.

Honorable Mayor and
City Commissioners

The remainder of this letter will review accomplishments of this organization and local economic events during the fiscal year being evaluated. This letter will also include a future outlook section and a review of the property tax base for the community. Many of the topics are woven together. As one project or function leads to another, these accomplishments show a strong overall community commitment to continue to move forward for a better Emporia and a stronger economic region.

SIGNIFICANT LOCAL ECONOMIC EVENTS

Economically, Emporia has experienced a slower economy. From 1998-2002 the chart below depicts the raise of our building activity. Prior to that growth time, our economic activity was stable and only through hindsight can we really see the substantial jump in activity we have enjoyed in more recent years. The 2004 building numbers continued to reflect a more normal level of activity. Building activity is a good indicator of growth and development in a community. Noted below is the gross value of building permits issued in the last 10 years. It clearly illustrates when we moved to a new level of activity for our community.

1995	\$13,805,187	2000	\$38,565,007
1996	\$15,229,107	2001	\$41,986,145
1997	\$14,839,473	2002	\$41,851,482
1998	\$23,285,937	2003	\$21,203,559
1999	\$35,983,712	2004	\$20,620,567

The year 2001 represented the largest building and construction activity in Emporia's history and 2002 ended only slightly under that record setting level. For four years in a row, prior to 2002, new record levels were established for our construction activity. The following provides specific information relating to our economic activity by category of building activity:

General Building Activity - Overall construction activity turned to more modest levels starting in 2003 and continued in 2004. Noted below are the recent trends of building permit valuations. In prior years, we enjoyed strong growth in our Commercial and Industrial development. Commercial activity has been soft for the last few years, but showed some modest improvement in 2004. Industrial development construction continues to be at some of its lowest levels in recent years. The Commercial and Industrial areas are reflective of how Emporia and the National economy have been sluggish. Multi-Family Dwellings runs in its own business cycle. Every few years, a large multi-family apartment complex is constructed and causes other investment in this area to subside until community growth catches up with the additional dwelling units. This pattern will probably reappear because of a large investment in 2004 which will probably result in smaller investment of multi-family dwellings in the coming couple of years. The following chart reflects the new construction, building addition and alterations by category:

	<u>2002</u>	<u>2003</u>	<u>2004</u>
One and Two Family Dwellings	\$ 4,303,711	\$ 4,755,032	\$ 5,993,490
Multi-Family Dwellings	\$ 669,987	\$ 1,920,915	\$ 3,400,905
Commercial	\$ 1,656,823	\$ 2,059,467	\$ 4,432,669
Industrial	\$ 5,200,927	\$ 447,850	\$ 1,229,491
Accessory, Institutional, Public Use	<u>\$30,020,034</u>	<u>\$10,884,675</u>	<u>\$ 5,564,012</u>
	\$41,851,482	\$21,203,559	\$20,620,567

Commercial Development - In the later part of the 1990's, we started to see stronger investment in our commercial sector. This trend of commercial activity continued through the 1999 construction season which had investment of over \$9 million. In 2000 and 2001, we observed a more modest investment. In 2002 and 2003, we expected and confirmed weakness in this construction area. We are starting to see new activity in the commercial sector which we hope will lead to an upward trend for the next couple of years.

Industrial Development - Nine years ago, Emporia became very aggressive in the attraction and development of new and expanding industrial activity. Over a million square feet of manufacturing and warehouse space has been added in our community and over 600 new jobs were created during that time period. The city is currently experiencing a two year lag in industrial development job creation since we began the aggressive attraction efforts. Like most business activities, they go through certain cycles. A number of our industries are looking at expansion projects. I wish we

Honorable Mayor and
City Commissioners

could report that this growth effort is industry wide in our community, but we have some industries that are dealing with market conditions that could cause them to reduce staff or even reconsider their future operations. These bleak conditions only affect a small portion of our industrial jobs, but our community will continue to seek support of these companies which are facing challenges and also pursue new opportunities to replace any potentially lost employment in the community. We are working hard to create the next upward business cycle in our industrial development portion of our economy.

DEPARTMENTAL SERVICE ACTIVITY EFFORTS

Even though we still progressed on many major projects, the City Commission feels that it would be prudent to moderate our capital projects activities to allow for the slower economic conditions. Emporia has also completed and is enjoying many significant capital improvements over the last few years such as our Family Aquatic Center and the Downtown Streetscape improvement. Taking a short respite from the aggressive pace we followed for a number of years was viewed as a healthy move.

Northwest Transportation Improvement- Even with a slower pace of development, our staff has been extremely active in preparing for community growth and development as our city plan shows that growth to occur to the Northwest. The Kansas Turnpike crosses through our Northwest portion of the City. We have developed a plan to reconstruct new bridges and the necessary arterial and collector street network to support growth in this portion of our community. Construction has been completed on one of the bridges that spans the Turnpike and serves to improve access to a newly constructed elementary school. Efforts are underway to begin construction on the next bridge project with the potential of two other bridge project's to be constructed over the next three to five years. The Kansas Turnpike Authority (KTA) has announced plans to undertake at least a \$20 million interchange improvement in Emporia. This project will dramatically change and improve the access to many properties that are adjacent to the interchange. We have been involved in the planning of this project and the City is embarking on an update to our Comprehensive Plan to deal with the significant transportation changes that are occurring in this area of town. Besides bridge reconstruction, two major intersections have received State grants support for major reconstruction with new traffic signals and roadway alignment at one intersection and the construction of a roundabout at the other. These significant infrastructure projects have been supported by a variety of grant sources with the Kansas Department of Transportation and cooperative efforts with the Kansas Turnpike Authority. In the end, we hope to improve the capacity of these roadways to accommodate the development activities in the path of our community growth.

Park Improvements - Most of our activity in the past couple of years and into the near future will involve a focused effort to restore and improve the infrastructure in our park system. Over the last decade, we have spent significant resources replacing playground equipment that was considered no longer appropriate based on today's safety standards. Other significant efforts were made to improve the accessibility of the parks for the disabled. Each of these areas were necessary and appropriate expenditures of resources. That focus caused us to fall behind in our general maintenance efforts. Peter Pan Park will see significant investment. A new community shelter house was constructed in the site of an old Grape Arbor site which was not accessible and had fallen into disrepair. New sidewalks and trails will be constructed throughout the Park to provide access to all in an attractive all weather surface for people to enjoy through the various seasons of the year. Other restoration projects include an area identified as Monkey Island is being converted to a garden area and a memorial for Pulitzer Prize winning author William Allen White is also scheduled for restoration. Peter Pan Park is our most utilized park and will involve a significant amount of our efforts. Other smaller community parks will also enjoy various revitalization efforts. One particular neighborhood is working with the City to actually create a new neighborhood park in an older part of the community. We hope the Eastside Memorial Park development will serve as a focal point for community activities in this established neighborhood in the City.

The preceding are only a sampling of City staff's activities during the year. The City's departments continue to strive to provide quality services to the citizens of Emporia and to make improvements whenever possible.

Honorable Mayor and
City Commissioners

FUTURE OUTLOOK

Emporia is very fortunate to have a very diversified economy. This diversity provides a cushion when a particular market area suffers from an economic downturn. Our major source of employment is in the field of food processing. This is an important link to our state's agricultural base, yet it is insulated from the periodic downturns which plague the farm sector. Increased employment in this area is being created with the development of additional production lines starting at the Menu Foods plant for the production of pet food. They acquired and completed an additional warehouse space to keep pace with their present growth, but also to position their business for even greater development opportunities. Dolly Madison Bakery is part of Interstate Bakeries which is currently working its way through a bankruptcy reorganization. Our local plant has experienced growth during this reorganization as Interstate Bakeries closes other production facilities around the country to streamline their operation and to reduce overhead. Because our bakery represents one of their significant profit centers, we believe their business will grow in Emporia as a result of further facility consolidation of production. The community has abated many of our industrial development projects' property taxes which occurred over the late 1990's into 2000. Starting in 2005, some of these abatements will expire and begin contributing to our tax base. The new companies which we have attracted will change our list of the largest tax payers in the community when their abatements expire. This will significantly increase our tax base over the next decade. Our industrial development program created one of our strongest sustained growth periods in Emporia's history.

In the production of durable goods, our employment base is smaller, but has a broad market spectrum from the manufacturing of leveling vials to the rebuilding of large diesel engines. Employers in this sector project stable employment and the diversity in the types of goods produced has to be considered an asset. It was noted previously in our prior financial statements that Caterpillar sold its Emporia facility to a Canadian company called Camoplast. Even though Camoplast isn't the large corporate entity like Caterpillar, the new ownership brings a much broader sales opportunity to the facility. Under the new ownership, Camoplast is already pursuing growth programs which will result in new capital investment and increased employment. Modine Manufacturing is in the process of transferring its ownership to create a new company. The future of the new company in Emporia is uncertain. Company officials have indicated that their operations will continue through 2005. Any future announcements beyond that time will not occur till mid-2005 when the new company is finally completed. As a publicly traded company, they are reluctant to make any forward looking statements until the company is formed.

Major service industries include a state university, technical college, regional medical center, transportation and lodging facilities. The University continues to work hard to maintain and build its enrollment. Technical training seems to increase in importance as employers express a need for specific trained skills in their production operations. It appears that both institutions will maintain or possibly experience small growth in the face of declining numbers of available High School graduates. Both of these institutions are dependent on State funding and the poor fiscal condition of the State is affecting their operations. The Technical College has had to adjust its operating budget to react to these fiscal challenges. The University is looking at increased tuition fees to off-set the loss of State revenue. Attracting new students into these higher education and technical training programs will be competitive, but our local institutions appear to be preparing for the challenge. Transportation, particularly trucking, continues to be an important part of our economy. Our access to highway systems and our central geographical location within our state and nation continue to make this a promising area. Emporia has been able to improve its position as a medical center with the development of a new medical office building which has assisted in physician recruitment. The hospital has completed construction of a major building expansion to improve all areas of hospital services. Increasing the availability of certain medical specialties are areas being pursued to create a stronger position as a regional medical provider. A new cancer treatment center has been completed within the medical complex. Even though the national travel industry has been in decline, our local lodging facilities have felt the pressures in this area and are working hard to maintain and hopefully slightly grow our receipts in the lodging industry.

As noted earlier, 2004 was starting to show signs of improvement from the sluggish levels we noticed over the past couple of few years. We were very fortunate to enjoy an accelerated level of activity for the prior five to six years. I would anticipate that our growth activities will focus on expansion and development from our existing industry base. The capital investment will be focused more on equipment and less on new building construction. Commercial construction, which had been extremely slow, is showing some signs of life again in Emporia. A number of larger scale commercial ventures are considering new projects to be constructed in Emporia during the 2005-2006 construction seasons.

Honorable Mayor and
City Commissioners

Our community had shown steady growth in our property tax assessed valuation until the 2004 assessment year. (Following this paragraph is a chart which illustrates the assessed valuation history for the last six years.) As an incentive to attract new industrial development, tax abatements have been offered to expanding businesses. In the 2003 assessment year, some of the property was a part of an expansion program that was partially assessed prior to the completion of the project. The full abatement is applied until the project is completed. When the project was completed, the partial abated property was removed. The size of the partial abatement, when removed, was greater than the other growth and development which caused the valuation to decline by less than 1%. This is the first time something like this has ever happened and it is not anticipated to reoccur in the immediate future. We continue to enjoy modest growth and rising real estate values and we should see our assessed valuation back on track with steady increases. In a couple of years, we will also begin to see steady increases in the assessed valuation as a result of the expiration of abated property taxes exemptions.

GROWTH IN VALUATION

<u>ASSESSED YEAR</u>	<u>ASSESSED VALUATION</u>
2000	\$108,595,581
2001	\$113,034,253
2002	\$123,110,003
2003	\$129,317,285
2004	\$128,235,487
2005	\$133,673,097

The biggest fiscal challenge we continue to face is the loss of State shared revenue and the threat of other state fiscal problems being forced to the local level as unfunded mandates. Kansas, like many other states, is continuing to experience severe fiscal problems. Emporia lost nearly \$750,000 from the end of 2002 through 2003. We had to make the adjustments to our spending to immediately offset this reduction of revenue to avoid longer term fiscal strains. State shared revenue is now assumed to be a permanent loss and as a community we have adjusted our fiscal planning to this condition.

Besides the property tax and the collection of utility charges, the one cent local sales tax has been a significant source of income for our community. Retail sales activities are very competitive. Large retail centers in metropolitan areas and the ever growing number of sales which are occurring through catalogs and the internet make it a challenge to have a growing tax base. Up until 2002, we had been fortunate to maintain a growing base of retail activity. The pressure of a poor performing national economy caught up to our community. In 2002, we experienced a slight decline of sales tax receipts of 1.2% and then another 1.8% decline in 2003. Prior to 2002, from 1997-2001 we experienced growth of 20.7% from this source of funds. We did experience a recovery in our local sales tax collections in 2004 and we think that 2005 will continue to demonstrate the growth we enjoyed in previous years.

SALES TAX HISTORY

1999	\$3,604,402
2000	\$3,706,938
2001	\$3,823,159
2002	\$3,779,417
2003	\$3,712,601
2004	\$3,854,759

Even with the pressure of a poor performing national economy, our employment activity is relatively stable and our industrial base is still striving to expand their business activities. Our community also has been very aggressive in attracting and expanding our industrial base. That commitment intensified in 1994 when voters approved that a portion of our local sales tax be used to increase employment opportunities for the community. That commitment of sales tax support continues until the sunset of that tax in 2014. This illustrates how strong of support our citizens have for future industrial expansion which will build new capital investment and a well compensated workforce.

Honorable Mayor and
City Commissioners

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the accounting and internal audit departments. I should like to express my appreciation to all who assisted and contributed to its preparation. I should also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,


Steve Commons, City Manager



Honorable Mayor and
City Commissioners
City of Emporia
Emporia, Kansas

Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of Emporia, Kansas for the year ended December 31, 2004 is submitted herewith.

This report was prepared by the City's Finance Department. The report is published to provide to the Commission, to representatives of financial institutions, and to our citizens and other interested persons detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

GENERAL INFORMATION - CITY OF EMPORIA

The City of Emporia lies 110 miles southwest of Kansas City and 85 miles northeast of Wichita on the eastern edge of the Flint Hills area of Kansas. Emporia has a population of 26,760 based on the 2000 census. There are 11.61 square miles of land in the City's corporate boundary, while the "planning and protected" area covers approximately 63 square miles.

The City of Emporia was incorporated in 1857. The City has a Commission - City Manager form of government. The commission is comprised of five members elected at large for terms of two and four years, with three Commissioners being elected each odd-numbered year. The Mayor is elected by the Commission.

The City Manager is appointed by the Governing Body and acts as its primary agent in accordance with state statute. Other City officers and employees are appointed by the City Manager. The Governing Body is responsible for policy determination and the City Manager is responsible for the administration of the municipal government.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The adopted budgets are an integral part of the accounting system providing management control over expenditures in the general fund, special revenue funds, debt service fund and enterprise funds. Kansas statutes require that cash be on hand before an expenditure can be authorized, that all expenditures be budgeted, and that the budget not exceed anticipated revenues including carry-forward balances. The adopted budget for any fund may be amended, using the same procedures as for adoption, if the increased expenditures are financed with non-tax revenues. All other budget amendments require the approval of the State Board of Tax Appeals.

Formal budgetary integration is not used for the capital projects funds because budgetary control is achieved through the resolution of authorization and funding. Encumbrance accounting is used for outstanding purchase orders, contracts and other commitments. Encumbrances outstanding at year end are reported as reservations of fund balance since they are not expenditures or liabilities.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. The City is financially accountable for the Emporia Public Library, and the Library is included in the City's financial statements. The City Commission appoints all members of the seven member Library Board. Because the Library is not a separate taxing entity by applicable state statutes, the City levies taxes for the Library's operations, which represent approximately 76 percent of total revenues. The operations of the Emporia Public Library are reported as a discretely presented component unit in the City's financial statements.

The City provides a full range of municipal services. The Public Safety program includes police and fire protection; an aquatic center, golf course, tennis courts, neighborhood parks and a community center provide a well-rounded, active recreation program; the Engineering Department provides essential street and highway construction and maintenance, surveying services, sanitation and other technical assistance to the City; the Public Utilities provide water, sewer and refuse collection services. Additional services provided include building inspection, planning and zoning, as well as general administrative services.

INTERNAL CONTROL

In developing and altering the City's accounting system, consideration is given to the adequacy of the internal controls. The internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in time deposits ranging from 30 to 90 days in maturity and in U.S. Government obligations with variable maturities and in the Kansas Municipal Investment Pool. At December 31, 2004, the City's cash resources were divided between demand deposits and investments as follows: in demand deposits and cash on hand 30 percent; and in interest bearing investments 70 percent. The amount of interest received in 2004 from idle cash was \$304,361.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized.

RISK MANAGEMENT

The City performs limited risk management operations intended to maintain coverage at appropriate levels; manage claims; and monitor carrier performance. Additionally, the City periodically engages professional consultants to assist with the risk management function. The City operates its employees' health insurance and workers' compensation insurance as partially self-funded plans.

INDEPENDENT AUDIT

State law requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent Certified Public Accountants or Licensed Municipal Public Accountants selected by the City Commission. This requirement has been complied with and the auditor's opinion has been included in this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Emporia for its comprehensive annual financial report for the year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Emporia, Kansas, has received a Certificate of Achievement for the last eighteen consecutive years (fiscal years 1985 - 2003). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I should like to express my appreciation to all members of the department who assisted and contributed to its preparation. I should also like to thank the Mayor and City Commissioners for their interest and support in planning and conducting the financial operations of the City in a reasonable and progressive manner.

Respectfully submitted,



Larry A. Bucklinger
Director of Administrative Services
February 24, 2005

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Emporia,
Kansas

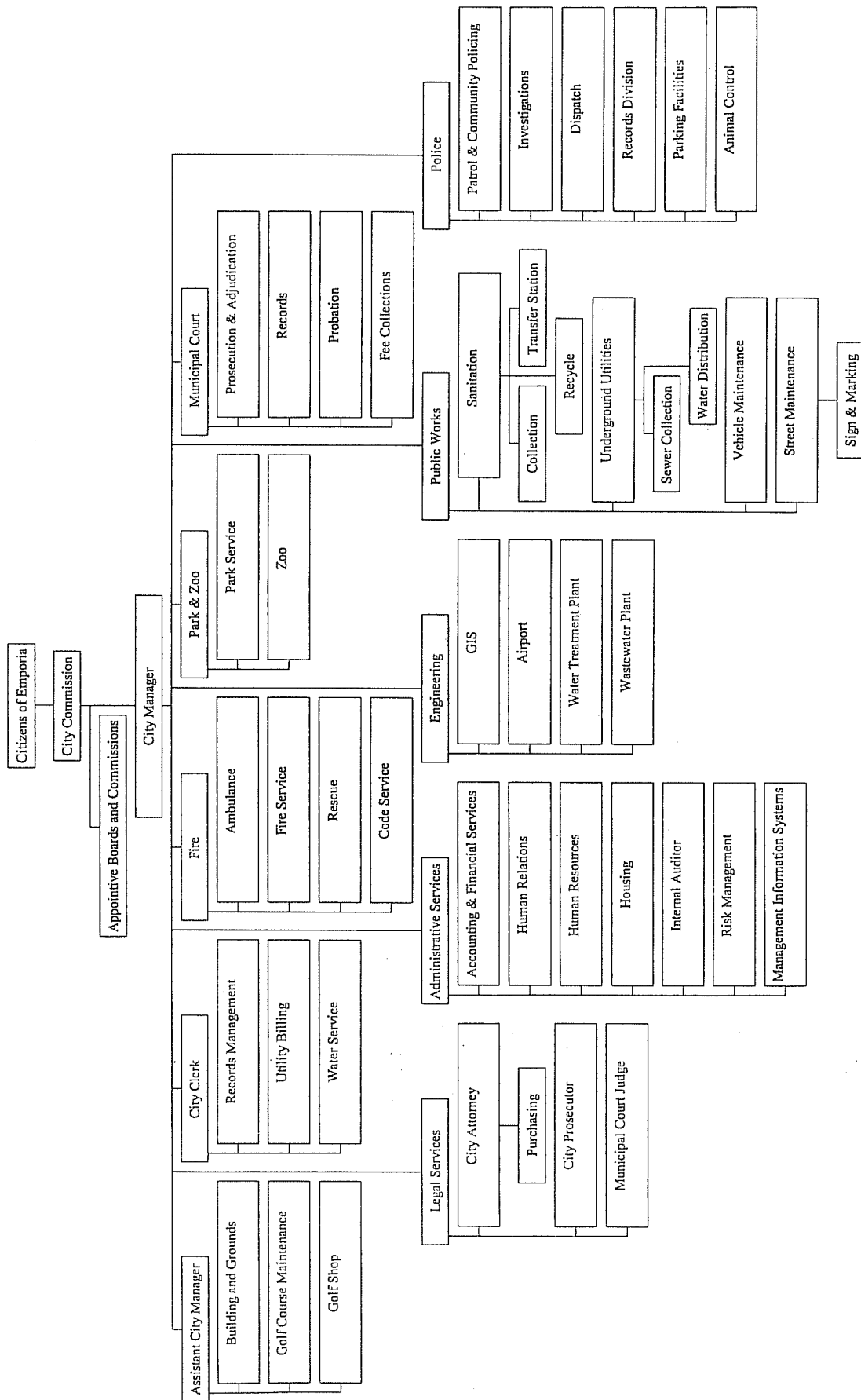
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



City of Emporia, Kansas

GOVERNING BODY
2004

MAYOR	RAYMOND A. TOSO
VICE-MAYOR	JULIE JOHNSON
COMMISSIONER	TOM MYERS
COMMISSIONER	DALE K. DAVIS
COMMISSIONER	FRANCIS G. WALTERS, JR.

ADMINISTRATIVE OFFICIALS

CITY MANAGER	STEVE COMMONS
ASSISTANT CITY MANAGER	MARK McANARNEY
DIRECTOR OF ADMINISTRATIVE SERVICES	LARRY BUCKLINGER
CITY CLERK	SUSAN MENDOZA
CITY TREASURER	JANET HARROUFF
CITY ATTORNEY	BLAISE PLUMMER

DEPARTMENT HEADS

PUBLIC WORKS DIRECTOR	RON CHILDERS
CITY ENGINEER	KEITH BEATTY
FIRE CHIEF	JACK TAYLOR
POLICE CHIEF	MIKE HEFFRON
DIRECTOR OF PARKS AND ZOO	DAVID P. TRAYLOR
DIRECTOR OF COURT SERVICES	PHIL MARTIN

FINANCIAL SECTION

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
E-mail: lswwcpa@lswwcpa.com

David A. Lowenthal, CPA
Thomas E. Singleton, CPA
Patricia L. Webb, CPA
Thomas G. Wilson, CPA
Audrey M. Odermann, CPA

Paul M. Borchardt, CPA
Abram M. Chrislip, CPA
Grant A. Huddin, CPA
Leanne E. Miller, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON THE BASIC FINANCIAL STATEMENTS

Mayor and City Commissioners
City of Emporia, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas, as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Emporia Public Library which statements reflect total assets of \$593,644 as of December 31, 2004 and total expenditures of \$819,387 for the year ended, which is a discretely presented component unit in the accompanying financial statements. Those financial statements were audited by other auditors whose report has been furnished to us; and our opinion on the financial statements, insofar as it relates to the amounts for the Emporia Public Library included as a discretely presented component unit, is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and the "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas, at December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Industrial Development Sales Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued a report dated February 24, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion thereon.

Lowenthal, Singleton, Webb & Wilson

Professional Association

February 24, 2005

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004
Unaudited

Our discussion and analysis of the City of Emporia, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2004. The Emporia Public Library issues a complete financial statement that includes a discussion and analysis. The address for retrieval of this report is in Note I. This narrative should be read in conjunction with the City's letter of transmittal, which begins on page i.

Financial Highlights

- The Government-wide net assets totaled \$117 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by \$2.9 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2004 totaled \$157 million.
- During the year ended December 31, 2004, the City's total expenses exceeded total revenues (which include charges for services, local taxes and state and federal aid) by \$6.3 million.
- The City's total indebtedness increased by \$.3 million, primarily due to the issuance in the current year of new general obligation bonds.
- The City's net fixed assets decreased \$8.2 million in the current fiscal year.

Using This Financial Report

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds. The City also holds fiduciary funds on behalf of various parties. These funds are reported in a separate statement.

Reporting on the City as a Whole (Government Wide)

Statement of Net Assets and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Assets and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net assets and current year change in those net assets. The change in net assets is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004
Unaudited

In the Statement of Net Assets and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities - Most of the City's programs and services are reported here including general government, public safety, highways and streets, culture and recreation, health and environment, building and maintenance, planning and development and airport operation.

Business-Type Activities - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The City's solid waste disposal, sewer utility, and water utility are reported as business-type activities. In addition, the City's workers' compensation fund and the employee health care fund treated as internal service funds.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how many flows into and out of the funds and balances left over at fiscal year end available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Assets and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds - Proprietary funds (Solid Waste Disposal, Sewer Utility and Water Utility) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the government-wide financial statements.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004
Unaudited

The City as a Whole

Government-Wide Assets

The Statement of Net Assets provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Assets as of December 31, 2004:

City of Emporia
Condensed Statement of Net Assets
December 31, 2004 and 2003

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current assets	\$ 4,372,854	\$ 5,398,702	\$ 2,131,425	\$ 2,985,314	\$ 6,504,279	\$ 8,384,016
Net fixed assets	<u>121,804,302</u>	<u>115,078,223</u>	<u>43,605,444</u>	<u>42,082,673</u>	<u>165,409,746</u>	<u>157,160,896</u>
 Total assets	 <u>\$ 126,177,156</u>	 <u>\$ 120,476,925</u>	 <u>\$ 45,736,869</u>	 <u>\$ 45,067,987</u>	 <u>\$ 171,914,025</u>	 <u>\$ 165,544,912</u>
 Current liabilities	 \$ 3,836,320	 \$ 3,496,863	 \$ 2,149,749	 \$ 1,961,168	 \$ 5,986,069	 \$ 5,458,031
Noncurrent liabilities	<u>21,753,484</u>	<u>23,376,807</u>	<u>20,301,683</u>	<u>19,778,470</u>	<u>42,055,167</u>	<u>43,155,277</u>
 Total liabilities	 <u>\$ 25,589,804</u>	 <u>\$ 26,873,670</u>	 <u>\$ 22,451,432</u>	 <u>\$ 21,739,638</u>	 <u>\$ 48,041,236</u>	 <u>\$ 48,613,308</u>
 Net Assets:						
Invested in fixed assets, net of related debt	\$ 97,810,646	\$ 90,115,362	\$ 21,896,814	\$ 21,030,184	\$ 119,707,460	\$ 111,145,546
Restricted for :						
Debt Service	176,533	385,615	-	-	176,533	385,615
Unrestricted	<u>2,600,173</u>	<u>3,102,278</u>	<u>1,388,623</u>	<u>2,298,165</u>	<u>3,988,796</u>	<u>5,400,443</u>
 Total net assets	 <u>\$ 100,587,352</u>	 <u>\$ 93,603,255</u>	 <u>\$ 23,285,437</u>	 <u>\$ 23,328,349</u>	 <u>\$ 123,872,789</u>	 <u>\$ 116,931,604</u>

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, land improvements, buildings, building improvements, vehicles, equipment, furniture and fixtures.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, interest payable, retainage payable and current portion of long-term obligations. Current assets exceed current liabilities by \$2.9 million, representing the City's ability to meet current obligations when due.

The City has \$47 million in long-term debt, consisting of general obligation bonds and notes payable, of which \$3.4 million is due within the next fiscal year.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004
Unaudited

The City had total assets at December 31, 2004, totaling \$166 million. The total assets of the City exceeded the total liabilities by \$116.9 million. Net assets invested in fixed assets; net of related debt, totaled \$111.1 million, restricted net assets totaled \$.4 million and unrestricted net assets totaled \$5.4 million.

Government-Wide Activities

The following is a condensed statement of the City's change in net assets for the year ended December 31, 2004. Major items of program revenues, grants and general revenues are detailed. Government-wide activities decreased the net assets of the City by \$6.3 million for the year ended December 31, 2004. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located at page 14 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of long-term debt of \$2.7 million which is treated as expenditures in the funds statements, but is treated as a reduction of long term debt in the Government wide financial statements. Also, the bond proceeds of \$3.5 million are treated as a revenue source in the fund statements, but an increase of long term debt in the Government wide financial statements. In addition, the capital outlays of \$1.1 million are treated as expenditures in the fund statements, but are treated as an increase in capital assets in the Government wide financial statements.

City of Emporia
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2004 and 2003

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,294,809	\$ 4,200,665	\$ 9,536,218	\$ 9,975,459	\$ 12,831,027	\$ 14,176,124
Operating grants	2,663,943	2,098,470	-	-	2,663,943	2,098,470
General revenues:						
Property taxes	10,570,695	11,627,273	-	-	10,570,695	11,627,273
Transfers, net	2,094,937	2,040,880	-	-	2,094,937	2,040,880
Other	<u>307,233</u>	<u>323,024</u>	<u>219,594</u>	<u>270,597</u>	<u>526,827</u>	<u>593,621</u>
Total revenues	<u>18,931,617</u>	<u>20,290,312</u>	<u>9,755,812</u>	<u>10,246,056</u>	<u>28,687,429</u>	<u>30,536,368</u>
Program expenses:						
General government	3,675,713	3,667,468	-	-	3,675,713	3,667,468
Public safety	7,478,861	7,920,078	-	-	7,478,861	7,920,078
Highways and streets	8,271,956	8,147,882	-	-	8,271,956	8,147,882
Culture and recreation	2,517,403	2,693,563	-	-	2,517,403	2,693,563
Health and environment	66,180	66,672	-	-	66,180	66,672
Building and maintenance	879,993	1,006,234	-	-	879,993	1,006,234
Planning and development	1,088,645	1,485,859	-	-	1,088,645	1,485,859
Airport operations	469,632	518,685	-	-	469,632	518,685
Solid waste disposal	-	-	2,287,948	2,434,993	2,287,948	2,434,993
Sewer utility	-	-	1,715,958	2,224,003	1,715,958	2,224,003
Water utility	-	-	3,684,072	3,503,268	3,684,072	3,503,268
Transfers, net	-	-	2,094,937	2,040,880	2,094,937	2,040,880
Interest on long term debt	<u>988,069</u>	<u>1,097,258</u>	<u>-</u>	<u>-</u>	<u>988,069</u>	<u>1,097,258</u>
Total expenses	<u>25,436,452</u>	<u>26,603,699</u>	<u>9,782,915</u>	<u>10,203,144</u>	<u>35,219,367</u>	<u>36,806,843</u>
Increase (decrease) in net assets	<u>\$ [6,504,835]</u>	<u>\$ [6,313,387]</u>	<u>\$ [27,103]</u>	<u>\$ 42,912</u>	<u>\$ [6,531,938]</u>	<u>\$ [6,270,475]</u>

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004
Unaudited

Business-type activities increased the net assets by \$42,912. The key elements in this increase are the increase in the charges for services and the decrease in transfers out of each of the business-type activities.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources. Unreserved fund balances, in particular, measures the City's net resources available for spending at the end of the City's fiscal year.

Total fund balances at December 31, 2004 for the governmental funds totaled \$2.9 million. Total unreserved fund balances at December 31, 2004 totaled nearly \$2.9 million, of which \$1.2 million was attributable to Special Revenue Funds.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$.8 million. The increase in the General Fund's fund balance was a \$.4 million.

The Industrial Development Sales Tax Fund is used to account for the receipt of retail sales tax and expenditures of funds generated by a portion of the City's retail sales tax. The ending fund balance of the Industrial Development Sales Tax Fund was approximately \$1 million at December 31, 2004.

The Debt Service Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt. The fund has adequate funds accumulated to make the next principal and interest requirements.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Solid Waste Disposal Fund at the end of the year amounted to \$.1 million, the unrestricted net assets of the Sewer Utility Fund at the end of the year amounted to \$.5 million, and the unrestricted Water Utility Fund at the end of the year amounted to \$1.7 million. The total change in all three funds was [\$.1] million, \$.4 million and [\$.3] million, respectively.

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget was \$13,500,603, the same as the original published budget. The revenues were more than budgetary estimates by \$.5 million and the expenditures were less than budgetary estimates by \$4,995.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2004
Unaudited

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business-type activities totaled \$157 million (net of accumulated depreciation) as of December 31, 2004.

Major capital asset events during the current fiscal year included the following:

A variety of street and bridge projects amounting to \$.4 million.

Various system additions were completed in the utility fund totaling \$5.8 million

Additional information on the City's capital assets can be found in Note I of the financial statements.

At December 31, 2004, the City had total debt outstanding of \$47 million, backed by the full faith and credit of the City. Total long-term debt increased for the fiscal year ended December 31, 2004, in the amount of \$.3 million. This was a result of the issuance of new general obligation bonds in the amount of \$3.7 million and the issuance of \$.8 million of notes payable, coupled with the payment of general obligation bond principal of \$3.4 million and the payment of notes payable of \$.8 million in the current year.

Additional information on the City's general long term debt can be found in Note IV to the financial statements.

Contacting the City

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City's Finance Department at 522 Mechanic, Emporia, Kansas 66801.

BASIC FINANCIAL STATEMENTS

CITY OF EMPORIA, KANSAS

STATEMENT OF NET ASSETS

December 31, 2004

	Governmental	Business-type	Primary	Component Unit
	Activities	Activities	Government	Total
ASSETS			Total	Governmental
Current assets:				
Cash and investments	\$ 3,886,462	\$ 1,167,245	\$ 5,053,707	\$ 287,156
Cash with fiscal agent	36,041	-	36,041	-
Accounts receivable	903,128	1,205,266	2,108,394	394
Notes receivable	151,705	-	151,705	-
Due from other funds	421,366	-	421,366	-
Inventory	-	241,628	241,628	-
Prepaid loan costs, net	-	371,175	371,175	-
Total current assets	<u>5,398,702</u>	<u>2,985,314</u>	<u>8,384,016</u>	<u>287,550</u>
Capital assets:				
Construction in progress	-	14,469	14,469	-
Capital assets	220,665,706	65,579,919	286,245,625	510,917
Less: accumulated depreciation	<u>105,587,483</u>	<u>23,511,715</u>	<u>129,099,198</u>	<u>204,823</u>
Total net capital assets	<u>115,078,223</u>	<u>42,082,673</u>	<u>157,160,896</u>	<u>306,094</u>
Total assets	<u>\$ 120,476,925</u>	<u>\$ 45,067,987</u>	<u>\$ 165,544,912</u>	<u>\$ 593,644</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 394,824	\$ 254,538	\$ 649,362	\$ 20,192
Accrued liabilities	672,358	298,769	971,127	-
Interest payable	311,613	65,810	377,423	-
Matured bond principal and interest	36,041	-	36,041	-
Current portion of compensated absences payable	50,663	68,032	118,695	13,066
Current portion of lease payable	30,178	-	30,178	-
Current portion of loans payable	23,986	-	23,986	-
Current portion of notes payable	-	701,219	701,219	-
Current portion of temporary note payable	420,000	-	420,000	-
Current portion of general obligation bonds payable	<u>1,557,200</u>	<u>572,800</u>	<u>2,130,000</u>	<u>-</u>
Total current liabilities (payable from current assets)	<u>3,496,863</u>	<u>1,961,168</u>	<u>5,458,031</u>	<u>33,258</u>
Noncurrent liabilities:				
Compensated absences	445,310	-	445,310	-
General obligation bonds payable	22,763,400	5,416,600	28,180,000	-
Loans payable	168,097	-	168,097	-
Notes payable	-	14,361,870	14,361,870	-
Total noncurrent liabilities	<u>23,376,807</u>	<u>19,778,470</u>	<u>43,155,277</u>	<u>-</u>
Total liabilities	<u>\$ 26,873,670</u>	<u>\$ 21,739,638</u>	<u>\$ 48,613,308</u>	<u>\$ 33,258</u>
Net Assets				
Invested in capital assets, net of related debt	\$ 90,115,362	\$ 21,030,184	\$ 111,145,546	\$ 306,094
Restricted for:				
Debt service	385,615	-	385,615	-
Grantor restricted	-	-	-	6,132
Donor restricted	-	-	-	28,250
Unrestricted	<u>3,102,278</u>	<u>2,298,165</u>	<u>5,400,443</u>	<u>219,910</u>
Total net assets	<u>\$ 93,603,255</u>	<u>\$ 23,328,349</u>	<u>\$ 116,931,604</u>	<u>\$ 560,386</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

				Net [Expenses] Revenue and Changes in Net Assets			
	Program Revenues			Primary Government			Component Unit
		Charges for	Operating	Governmental	Business		Total
	Expenses	Services	Grants and	Activities	Type		Governmental
			Contributions		Activities	Total	Activities
Governmental activities:							
General government	\$ 3,667,468	\$ 1,532,652	\$ 593,659	\$ [1,541,157]	\$ -	\$ [1,541,157]	\$ -
Public safety	7,920,078	2,050,555	270,830	[5,598,693]	-	[5,598,693]	-
Highways and streets	8,147,882	8,406	839,185	[7,300,291]	-	[7,300,291]	-
Culture and recreation	2,693,563	447,778	-	[2,245,785]	-	[2,245,785]	-
Health and environment	66,672	-	67,840	1,168	-	1,168	-
Building maintenance	1,006,234	2,546	-	[1,003,688]	-	[1,003,688]	-
Planning and development	1,485,859	-	326,956	[1,158,903]	-	[1,158,903]	-
Airport operations	518,685	158,728	-	[359,957]	-	[359,957]	-
Interest on long-term debt	1,097,258	-	-	[1,097,258]	-	[1,097,258]	-
Total governmental activities	26,603,699	4,200,665	2,098,470	[20,304,564]	-	[20,304,564]	-
Business-type activities:							
Solid Waste Disposal	2,434,993	2,579,219	-	-	144,226	144,226	-
Sewer Utility	2,224,003	3,191,405	-	-	967,402	967,402	-
Water Utility	3,503,268	4,204,835	-	-	701,567	701,567	-
Total business-type activities	8,162,264	9,975,459	-	-	1,813,195	1,813,195	-
Total primary government	\$ 34,765,963	\$ 14,176,124	\$ 2,098,470	[20,304,564]	1,813,195	[18,491,369]	-
Component unit:							
Emporia Public Library							
Culture and recreation	\$ 819,387	\$ 20,684	\$ 754,032	\$ -	\$ -	\$ -	\$ [44,671]
Total component unit	\$ 819,387	\$ 20,684	\$ 754,032	-	-	-	[44,671]
General Revenues:							
Property taxes levied for							
General purposes				9,253,233	-	9,253,233	-
Debt service				2,374,040	-	2,374,040	-
Investments earnings				170,491	92,389	262,880	10,940
Miscellaneous				152,533	178,208	330,741	4,113
Transfers, net				2,040,880	[2,040,880]	-	-
Total general revenues and transfers				13,991,177	[1,770,283]	12,220,894	15,053
Change in net assets				[6,313,387]	42,912	[6,270,475]	[29,618]
Net assets - beginning				100,587,352	23,285,437	123,872,789	590,004
Restatement				[670,710]	-	[670,710]	-
Net assets - beginning, restated				99,916,642	23,285,437	123,202,079	590,004
Net assets - ending				\$ 93,603,255	\$ 23,328,349	\$ 116,931,604	\$ 560,386

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

	<u>General</u>	<u>Industrial Development Sales Tax</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 312,014	\$ 547,869	\$ 391,321	\$ 834,510	\$ 2,085,714
Cash with fiscal agent	-	-	36,041	-	36,041
Receivables					
Accounts	576,942	271,570	-	54,616	903,128
Taxes	3,502,000	-	1,436,639	576,530	5,515,169
Notes	-	151,705	-	-	151,705
Due from other funds	421,366	-	-	911,990	1,333,356
Total assets	<u>\$ 4,812,322</u>	<u>\$ 971,144</u>	<u>\$ 1,864,001</u>	<u>\$ 2,377,646</u>	<u>\$ 10,025,113</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 171,599	\$ 907	\$ -	\$ 215,061	\$ 387,567
Accrued liabilities	204,251	-	5,706	20,133	230,090
Accrued compensated absences	50,663	-	-	-	50,663
Matured bonds and interest payable	-	-	36,041	-	36,041
Due to other funds	-	-	-	911,990	911,990
Deferred revenue	3,502,000	-	1,436,639	576,530	5,515,169
Total liabilities	<u>3,928,513</u>	<u>907</u>	<u>1,478,386</u>	<u>1,723,714</u>	<u>7,131,520</u>
Fund balance:					
Unreserved					
Undesignated, reported in:					
Special revenue funds	-	970,237	-	194,008	1,164,245
Debt service fund	-	-	385,615	-	385,615
Capital projects funds	-	-	-	459,924	459,924
General fund	883,809	-	-	-	883,809
Total fund balance [deficit]	<u>883,809</u>	<u>970,237</u>	<u>385,615</u>	<u>653,932</u>	<u>2,893,593</u>
Total liabilities and fund balances	<u>\$ 4,812,322</u>	<u>\$ 971,144</u>	<u>\$ 1,864,001</u>	<u>\$ 2,377,646</u>	<u>\$ 10,025,113</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2004

Total Governmental Fund Balances		\$ 2,893,593
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Amounts reported for governmental activities in the
statement of net assets are different because

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets of liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		1,351,223
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Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

The cost of capital assets is	220,665,706	
Accumulated depreciation is	<u>105,587,483</u>	115,078,223

Long-term liabilities, including bonds payable, are not due and payable in
the current period and therefore are not reported as liabilities in the funds.
Long term liabilities at year end consist of:

General obligation bonds payable	24,320,600	
Temporary notes payable	420,000	
Loans payable	192,083	
Leases payable	30,178	
Interest payable	311,613	
Compensated absences payable	<u>445,310</u>	<u>[25,719,784]</u>

Net Assets of Governmental Activities		\$ <u>93,603,255</u>
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CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2004

	<u>General</u>	<u>Industrial Development Sales Tax</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes	\$ 8,625,921	\$ -	\$2,291,915	\$ 627,312	\$ 11,545,148
Charges for services	1,664,767	-	-	-	1,664,767
Special assessments	-	-	82,125	-	82,125
Intergovernmental	216,816	36,306	-	1,839,171	2,092,293
Licenses and permits	222,834	-	-	-	222,834
Fines and fees	846,047	-	-	-	846,047
Use of money and property	85,689	8,410	13,417	45,276	152,792
Contributions	-	-	-	6,177	6,177
Miscellaneous	<u>109,946</u>	<u>-</u>	<u>-</u>	<u>39,904</u>	<u>149,850</u>
Total revenues	<u>11,772,020</u>	<u>44,716</u>	<u>2,387,457</u>	<u>2,557,840</u>	<u>16,762,033</u>
EXPENDITURES:					
Current					
General government	1,203,648	-	-	394,089	1,597,737
Public safety	7,562,336	-	-	71,072	7,633,408
Highways and streets	834,703	-	-	741,284	1,575,987
Culture and recreation	1,403,195	-	-	618,030	2,021,225
Health and environment	-	-	-	66,672	66,672
Building maintenance	903,207	-	-	-	903,207
Planning and development	304,799	876,351	-	304,708	1,485,858
Airport operations	345,189	-	-	-	345,189
Appropriation	99,457	-	-	-	99,457
Capital outlay	-	-	-	1,873,304	1,873,304
Debt service					
Principal	-	23,513	1,446,200	-	1,469,713
Interest and other charges	<u>-</u>	<u>4,195</u>	<u>1,045,801</u>	<u>25,221</u>	<u>1,075,217</u>
Total expenditures	<u>12,656,534</u>	<u>904,059</u>	<u>2,492,001</u>	<u>4,094,380</u>	<u>20,146,974</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[884,514]</u>	<u>[859,343]</u>	<u>[104,544]</u>	<u>[1,536,540]</u>	<u>[3,384,941]</u>
OTHER FINANCING SOURCES [USES]					
Transfers in	2,172,206	495,506	553,626	297,035	3,518,373
Transfers out	[839,905]	-	-	[637,588]	[1,477,493]
Payment to refund bonds	-	-	[1,185,000]	-	[1,185,000]
Sale of bonds	<u>-</u>	<u>-</u>	<u>945,000</u>	<u>2,520,000</u>	<u>3,465,000</u>
Total other financing sources [uses]	<u>1,332,301</u>	<u>495,506</u>	<u>313,626</u>	<u>2,179,447</u>	<u>4,320,880</u>
Net change in fund balances	<u>447,787</u>	<u>[363,837]</u>	<u>209,082</u>	<u>642,907</u>	<u>935,939</u>
Fund balance - Beginning of year	386,022	1,789,189	176,533	61,025	2,412,769
Prior period adjustment	<u>50,000</u>	<u>[455,115]</u>	<u>-</u>	<u>[50,000]</u>	<u>[455,115]</u>
Fund balance - Beginning of year, restated	<u>436,022</u>	<u>1,334,074</u>	<u>176,533</u>	<u>11,025</u>	<u>1,957,654</u>
Fund balance - End of year	<u>\$ 883,809</u>	<u>\$ 970,237</u>	<u>\$ 385,615</u>	<u>\$ 653,932</u>	<u>\$ 2,893,593</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Total Net Change In Fund Balances - Governmental Funds	\$	935,939
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Amounts reported for governmental activities in the statement of activities are different because

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	1,100,853	
Depreciation expense	<u>[7,826,933]</u>	[6,726,080]

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The revenues and expenses of certain internal service funds are included in governmental activities in the statement of activities.

251,140

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased.

[22,041]

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

1,264

Proceeds of bonds is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

[3,465,000]

Repayment of lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

56,678

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

2,654,713

Changes In Net Assets of Governmental Activities

\$ [6,313,387]

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND

For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 8,625,921	\$ -	\$ 8,625,921	\$ 8,832,471	\$ 8,832,471	\$ [206,550]
Intergovernmental	216,816	-	216,816	158,250	158,250	58,566
Licenses and permits	222,834	-	222,834	153,000	153,000	69,834
Charges for services	1,664,767	-	1,664,767	1,467,500	1,467,500	197,267
Fines and fees	846,047	-	846,047	817,850	817,850	28,197
Use of money and property	85,689	-	85,689	91,024	91,024	[5,335]
Reimbursements	-	-	-	46,300	46,300	[46,300]
Miscellaneous	<u>109,946</u>	<u>-</u>	<u>109,946</u>	<u>1,871,090</u>	<u>1,871,090</u>	<u>[1,761,144]</u>
Total revenues	<u>11,772,020</u>	<u>-</u>	<u>11,772,020</u>	<u>13,437,485</u>	<u>13,437,485</u>	<u>[1,665,465]</u>
EXPENDITURES:						
Current						
General government	<u>1,203,648</u>	<u>-</u>	<u>1,203,648</u>	<u>1,225,635</u>	<u>1,225,635</u>	<u>21,987</u>
Public safety						
Law enforcement	3,823,263	-	3,823,263	3,908,155	3,908,155	84,892
Animal control	127,624	-	127,624	149,235	149,235	21,611
Court services	462,829	-	462,829	487,375	487,375	24,546
Ambulance	1,117,943	-	1,117,943	708,660	708,660	[409,283]
Fire	<u>2,030,677</u>	<u>-</u>	<u>2,030,677</u>	<u>2,320,385</u>	<u>2,320,385</u>	<u>289,708</u>
Total public safety	<u>7,562,336</u>	<u>-</u>	<u>7,562,336</u>	<u>7,573,810</u>	<u>7,573,810</u>	<u>11,474</u>
Highways and streets						
Maintenance						
Maintenance	641,137	[831]	640,306	440,000	440,000	[200,306]
Snow removal	16,071	-	16,071	18,000	18,000	1,929
Maintenance shop	4,941	-	4,941	30,110	30,110	25,169
Street lighting	<u>172,554</u>	<u>-</u>	<u>172,554</u>	<u>178,000</u>	<u>178,000</u>	<u>5,446</u>
Total highways and streets	<u>834,703</u>	<u>[831]</u>	<u>833,872</u>	<u>666,110</u>	<u>666,110</u>	<u>[167,762]</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
EXPENDITURES - continued:						
Current - continued						
Culture and recreation						
Park	\$ 566,297	\$ -	\$ 566,297	\$ 652,735	\$ 652,735	\$ 86,438
Lake Kahola	185	-	185	200	200	15
Swimming Pool/Peter Pan Park	91,176	-	91,176	65,800	65,800	[25,376]
Golf course	358,708	-	358,708	433,658	433,658	74,950
Golf shop	170,805	-	170,805	176,885	176,885	6,080
Zoo	216,024	-	216,024	230,760	230,760	14,736
Total culture and recreation	1,403,195	-	1,403,195	1,560,038	1,560,038	156,843
Building maintenance						
Engineering	268,887	-	268,887	388,610	388,610	119,723
Grounds maintenance	58,852	-	58,852	34,200	34,200	[24,652]
Civic building	521,164	-	521,164	488,450	488,450	[32,714]
Library maintenance	54,304	-	54,304	54,795	54,795	491
Total building maintenance	903,207	-	903,207	966,055	966,055	62,848
Planning and development	304,799	-	304,799	98,820	98,820	[205,979]
Airport operations	345,189	-	345,189	332,955	332,955	[12,234]
Appropriations	99,457	-	99,457	89,680	89,680	[9,777]
Total expenditures	12,656,534	[831]	12,655,703	12,513,103	12,513,103	[142,600]
Excess [deficiency] of revenues over [under] expenditures	[884,514]	831	[883,683]	924,382	924,382	[1,808,065]
OTHER FINANCING SOURCES [USES]:						
Transfers in	2,172,206	-	2,172,206	-	-	2,172,206
Transfers out	[839,905]	-	[839,905]	[987,500]	[987,500]	147,595
Total other financing sources [uses]	1,332,301	-	1,332,301	[987,500]	[987,500]	2,319,801
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	447,787	831	448,618	\$ [63,118]	\$ [63,118]	\$ 511,736
FUND BALANCE - Beginning of year	386,022	[831]	385,191			
Prior period adjustment	50,000	-	50,000			
FUND BALANCE - Beginning of year	436,022	[831]	435,191			
FUND BALANCE - End of year	\$ 883,809	\$ -	\$ 883,809			

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
INDUSTRIAL DEVELOPMENT SALES TAX SPECIAL REVENUE FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 36,306	\$ -	\$ 36,306	\$ 135,000	\$ 135,000	\$ [98,694]
Use of money and property	<u>8,410</u>	<u>-</u>	<u>8,410</u>	<u>9,662</u>	<u>9,662</u>	<u>[1,252]</u>
Total revenues	<u>44,716</u>	<u>-</u>	<u>44,716</u>	<u>144,662</u>	<u>144,662</u>	<u>[99,946]</u>
EXPENDITURES:						
Current						
Planning and development						
Contractual services	876,351	-	876,351	874,064	874,064	[2,287]
Debt service						
Principal	23,513	-	23,513	33,907	33,907	10,394
Interest and other charges	<u>4,195</u>	<u>-</u>	<u>4,195</u>	<u>4,889</u>	<u>4,889</u>	<u>694</u>
Total expenditures	<u>904,059</u>	<u>-</u>	<u>904,059</u>	<u>912,860</u>	<u>912,860</u>	<u>8,801</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[859,343]</u>	<u>-</u>	<u>[859,343]</u>	<u>[768,198]</u>	<u>[768,198]</u>	<u>[91,145]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>495,506</u>	<u>-</u>	<u>495,506</u>	<u>673,500</u>	<u>673,500</u>	<u>[177,994]</u>
Excess of revenues over [under] expenditures and other financing [uses]	<u>[363,837]</u>	<u>-</u>	<u>[363,837]</u>	<u>\$ [94,698]</u>	<u>\$ [94,698]</u>	<u>\$ [269,139]</u>
Unencumbered fund balance - Beginning of year	1,789,189	-	1,789,189			
Prior period adjustment	<u>[455,115]</u>	<u>-</u>	<u>[455,115]</u>			
Unencumbered fund balance - End of year	<u>\$ 970,237</u>	<u>\$ -</u>	<u>\$ 970,237</u>			

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004

	Business-Type Activities: Enterprise Funds				Internal Service Funds
	Solid Waste Disposal	Sewer Utility	Water Utility	Total Enterprise Funds	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 164,326	\$ 209,160	\$ 793,759	\$ 1,167,245	\$ 153,889
Investments	-	-	-	-	1,646,859
Receivables (net of allowance for uncollectibles)	298,646	404,696	501,924	1,205,266	-
Inventory	-	-	241,628	241,628	-
Deferred charges	-	-	371,175	371,175	-
Total current assets	<u>462,972</u>	<u>613,856</u>	<u>1,908,486</u>	<u>2,985,314</u>	<u>1,800,748</u>
Capital assets:					
Construction in progress	-	-	14,469	14,469	-
Capital assets	3,540,967	34,258,720	27,780,232	65,579,919	-
Less: accumulated depreciation	<u>1,462,646</u>	<u>11,543,005</u>	<u>10,506,064</u>	<u>23,511,715</u>	-
Total capital assets	<u>2,078,321</u>	<u>22,715,715</u>	<u>17,288,637</u>	<u>42,082,673</u>	-
Total assets	<u>\$2,541,293</u>	<u>\$23,329,571</u>	<u>\$19,197,123</u>	<u>\$45,067,987</u>	<u>\$1,800,748</u>
Liabilities:					
Current liabilities (payable from current assets):					
Accounts payable	\$ 79,615	\$ 63,932	\$ 110,991	\$ 254,538	\$ 7,257
Accrued liabilities	249,428	18,383	30,958	298,769	-
Interest payable	-	345	65,465	65,810	-
Unpaid claims	-	-	-	-	442,268
Current portion of compensated absences payable	11,074	10,913	46,045	68,032	-
Current portion of notes payable	-	522,856	178,363	701,219	-
Current portion of general obligation bonds payable	-	-	572,800	572,800	-
Total current liabilities (payable from current assets)	<u>340,117</u>	<u>616,429</u>	<u>1,004,622</u>	<u>1,961,168</u>	<u>449,525</u>
Noncurrent liabilities:					
General obligation bonds payable	-	-	5,416,600	5,416,600	-
Notes payable	-	<u>10,612,615</u>	<u>3,749,255</u>	<u>14,361,870</u>	-
Total noncurrent liabilities	-	<u>10,612,615</u>	<u>9,165,855</u>	<u>19,778,470</u>	-
Total liabilities	<u>\$ 340,117</u>	<u>\$11,229,044</u>	<u>\$10,170,477</u>	<u>\$21,739,638</u>	<u>\$ 449,525</u>
Net Assets					
Invested in capital assets, net of related debt	\$2,078,321	\$11,580,244	\$ 7,371,619	\$21,030,184	\$ -
Unrestricted	<u>122,855</u>	<u>520,283</u>	<u>1,655,027</u>	<u>2,298,165</u>	<u>1,351,223</u>
Total net assets	<u>\$2,201,176</u>	<u>\$12,100,527</u>	<u>\$ 9,026,646</u>	<u>\$23,328,349</u>	<u>\$1,351,223</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	Business-Type Activities: Enterprise Funds				
	Solid Waste Disposal	Sewer Utility	Water Utility	Total Enterprise Funds	Internal Service Funds
Operating revenues					
Charges for services	\$2,579,219	\$ 3,191,405	\$4,204,835	\$ 9,975,459	\$ 1,467,017
Miscellaneous	24,479	20,399	5,716	50,594	2,683
Total operating revenues	<u>2,603,698</u>	<u>3,211,804</u>	<u>4,210,551</u>	<u>10,026,053</u>	<u>1,469,700</u>
Operating expenses					
Personal services	1,016,867	577,926	626,864	2,221,657	-
Contractual services	879,841	266,138	1,150,865	2,296,844	1,236,259
Commodities	290,264	87,148	435,253	812,665	-
Depreciation	234,997	979,586	857,472	2,072,055	-
Other	13,024	-	19,116	32,140	-
Total operating expenses	<u>2,434,993</u>	<u>1,910,798</u>	<u>3,089,570</u>	<u>7,435,361</u>	<u>1,236,259</u>
Operating income [loss]	<u>168,705</u>	<u>1,301,006</u>	<u>1,120,981</u>	<u>2,590,692</u>	<u>233,441</u>
Nonoperating revenues [expenses]					
Interest income	2,991	2,078	87,320	92,389	17,699
Interest expense	-	[313,205]	[413,698]	[726,903]	-
Gain [loss] on disposal of assets	172,945	-	[45,331]	127,614	-
Total nonoperating revenues [expenses]	<u>175,936</u>	<u>[311,127]</u>	<u>[371,709]</u>	<u>[506,900]</u>	<u>17,699</u>
Income [loss] before operating transfers	<u>344,641</u>	<u>989,879</u>	<u>749,272</u>	<u>2,083,792</u>	<u>251,140</u>
Transfers from [to] other funds					
Transfers out	<u>[485,640]</u>	<u>[549,000]</u>	<u>[1,006,240]</u>	<u>[2,040,880]</u>	<u>-</u>
Total transfers	<u>[485,640]</u>	<u>[549,000]</u>	<u>[1,006,240]</u>	<u>[2,040,880]</u>	<u>-</u>
Change in net assets	<u>[140,999]</u>	<u>440,879</u>	<u>[256,968]</u>	<u>42,912</u>	<u>251,140</u>
Net assets, January 1	<u>2,342,175</u>	<u>11,659,648</u>	<u>9,283,614</u>	<u>23,285,437</u>	<u>1,100,083</u>
Net assets, December 31	<u>\$2,201,176</u>	<u>\$12,100,527</u>	<u>\$9,026,646</u>	<u>\$23,328,349</u>	<u>\$ 1,351,223</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	Business-Type Activities: Enterprise Funds				Internal Service Funds
	Solid Waste Disposal	Sewer Utility	Water Utility	Total Enterprise Funds	
Cash flows from operating activities					
Cash received from customers and users	\$ 2,564,032	\$ 3,152,080	\$ 4,749,677	\$ 10,465,789	\$ 1,467,017
Cash payments to employees for services	[1,028,123]	[586,405]	[658,243]	[2,272,771]	-
Cash payments to other suppliers of goods or services	[1,176,384]	[989,496]	[1,534,608]	[3,700,488]	[1,168,326]
Other operating receipts	24,479	20,399	5,716	50,594	2,683
Net cash provided by [used in] operating activities	<u>384,004</u>	<u>1,596,578</u>	<u>2,562,542</u>	<u>4,543,124</u>	<u>301,374</u>
Cash flows from noncapital financing activities					
Transfers [to] other funds	<u>[485,640]</u>	<u>[549,000]</u>	<u>[1,006,240]</u>	<u>[2,040,880]</u>	<u>-</u>
Net cash provided by [used in] noncapital financing activities	<u>[485,640]</u>	<u>[549,000]</u>	<u>[1,006,240]</u>	<u>[2,040,880]</u>	<u>-</u>
Cash flows from capital and related financing activities					
Purchase and construction of capital assets	[176,096]	[311,270]	[75,106]	[562,472]	-
Principal paid on bonds and notes	-	[790,606]	[705,120]	[1,495,726]	-
Interest paid	-	[313,205]	[421,362]	[734,567]	-
Proceeds received from issuance of debt	-	574,585	265,000	839,585	-
Proceeds from sale of salvage	172,945	-	-	172,945	-
Net cash provided by [used in] capital and related financing activities	<u>[3,151]</u>	<u>[840,496]</u>	<u>[936,588]</u>	<u>[1,780,235]</u>	<u>-</u>
Cash flows from investing activities					
Interest on investments	2,991	2,078	87,320	92,389	17,699
Proceeds from sale of investments	-	-	-	-	1,323,549
Purchase of investments	-	-	-	-	[1,646,859]
Net cash provided by [used in] investing activities	<u>2,991</u>	<u>2,078</u>	<u>87,320</u>	<u>92,389</u>	<u>[305,611]</u>
Net increase [decrease] in cash and cash equivalents	[101,796]	209,160	707,034	814,398	[4,237]
Cash and cash equivalents - Beginning of year	<u>266,122</u>	<u>-</u>	<u>86,725</u>	<u>352,847</u>	<u>158,126</u>
Cash and cash equivalents - End of year	<u>\$ 164,326</u>	<u>\$ 209,160</u>	<u>\$ 793,759</u>	<u>\$ 1,167,245</u>	<u>\$ 153,889</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	Business-Type Activities: Enterprise Funds				Internal Service Funds
	Solid Waste Disposal	Sewer Utility	Water Utility	Total Enterprise Funds	
Cash and cash equivalents	\$ 164,326	\$ 209,160	\$ 793,759	\$ 1,167,245	\$ 153,889
Total cash and cash equivalents	<u>\$ 164,326</u>	<u>\$ 209,160</u>	<u>\$ 793,759</u>	<u>\$ 1,167,245</u>	<u>\$ 153,889</u>
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities					
Operating income [loss]	\$ 168,705	\$ 1,301,006	\$ 1,120,981	\$ 2,590,692	\$ 233,441
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities					
Depreciation	234,997	979,586	857,472	2,072,055	-
Change in assets and liabilities					
[Increase] decrease in receivables	[15,187]	[39,325]	[25,105]	[79,617]	-
[Increase] decrease in inventory	-	-	6,083	6,083	-
[Increase] decrease in due from other funds	-	-	569,947	569,947	-
Increase [decrease] in due to other funds	-	[569,947]	-	[569,947]	-
Increase [decrease] in accounts payable	6,745	32,420	64,543	103,708	695
Increase [decrease] in retainage payable	-	[98,683]	-	[98,683]	-
Increase [decrease] in accrued liabilities	[11,140]	[4,649]	[35,026]	[50,815]	67,238
Increase [decrease] in accrued compensation	<u>[116]</u>	<u>[3,830]</u>	<u>3,647</u>	<u>[299]</u>	<u>-</u>
Net cash provided by [used in] operating activities	<u>\$ 384,004</u>	<u>\$ 1,596,578</u>	<u>\$ 2,562,542</u>	<u>\$ 4,543,124</u>	<u>\$ 301,374</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004

	Private Purpose <u>Trust</u>	Agency <u>Funds</u>
Assets		
Cash and cash equivalents	\$ 293,636	\$ 115,140
Accounts receivable	-	421,366
Accrued interest receivable	660	-
Notes receivable	<u>614,488</u>	<u>-</u>
 Total Assets	 <u>\$ 908,784</u>	 <u>\$ 536,506</u>
Liabilities		
Due to general fund	\$ -	\$ 421,366
Accounts payable	<u>-</u>	<u>115,140</u>
 Total Liabilities	 <u>-</u>	 <u>536,506</u>
Net assets		
Reserved for economic development	906,055	-
Unreserved		
Undesignated	<u>2,729</u>	<u>-</u>
 Total liabilities and net assets	 <u>\$ 908,784</u>	 <u>\$ 536,506</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended December 31, 2004

	Private Purpose <u>Trust</u>
Additions:	
Interest Income	\$ 22,048
Deductions	-
Change in net assets	22,048
Net assets, January 1	<u>886,736</u>
Net assets, December 31	<u>\$ 908,784</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Emporia is a municipal corporation governed by five elected commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separated from the government. The discretely presented component unit has a December 31 year end.

Discretely Presented Component Unit

Emporia Public Library - The Emporia Public Library (Library) serves the citizens within the City's jurisdiction. The City appoints the entire governing body of the Library. Because the Library is not a separate taxing entity, the City levies tax for the Library's operations. The City appropriated \$618,030 to the Library in 2004. Complete financial statements may be obtained at the Emporia Public Library, 110 E. 6th Avenue, Emporia, Kansas.

Jointly Governed Organization

Regional Development Association of East Central Kansas, Inc. - The Regional Development Association of East Central Kansas, Inc., (RDA) is a not-for-profit corporation whose purpose is to benefit the public interest through the activity of business and economic development in the City and Lyon County, Kansas. The RDA's governing board consists of seven voting members, two of whom are appointed by the City. The City has entered into a contract under which the City appropriates funds to the RDA which are used for business and economic development. The City has no ongoing financial interest or responsibilities with respect to the RDA.

B. Government-wide and fund financial statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the city.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The internal service funds account for contributions made by the City to be used for paying claims for job related injuries as well as contributions made by the City, City employees and former City employees to be used for payment of medical claims of covered employee health care participants and additional health insurance premiums.

The private purpose trust funds are used to account for resources legally held in trust. Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting. The following activities are accounted for in each fiduciary fund:

Tree Private Purpose Trust Fund - To account for monies provided by private donors to finance planting of trees.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued

Fremont Park Private Purpose Trust Fund - To account for the money donated to the City for the purpose of building a display shelter for the railroad engine and caboose at Fremont Park.

Las Casitas Park Private Purpose Trust Fund - To account for monies provided by private donors to finance improvements to the Las Casitas Park.

Economic Development Private Purpose Trust Fund - To provide a financial resource which enhances the City's ability to attract new economic development projects by lending money to businesses that is repaid with interest. The fund was created with money generated by a Chamber of Commerce fund drive and money repaid to the City for state and federal grants.

Municipal Court Agency Fund - To account for the collection and payment of court fines and fees.

Fire Insurance Proceeds Agency Fund - To account for a portion of insurance proceeds from fire and casualty losses to structures within the City. Proceeds are returned to property owners upon substantial completion of repairs or demolition of structure.

The City reports the following major governmental funds:

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The Industrial Development Sales Tax Fund is used to account for the investment earnings from and expenditures of funds generated by a portion of the City's retail sales tax. Receipts of retail sales taxes are deposited in the General Fund, and the portion related to this activity is then transferred to this fund.

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The City reports the following major proprietary funds:

Solid Waste Disposal Fund accounts for funds derived from customer service charges for solid waste disposal. All activities necessary to provide such services are accounted for in this fund.

Sewer Utility Fund is used to account for all sewer operations including administration, maintenance, financing and related debt service and billing collection. All operations are financed by means of customer user fees which are established by the governing body.

Water Utility Fund is used to account for the provision of water service to the residents of the City and some customers outside the City. All activities necessary to provide water service are accounted for in this fund, including administration, operations, maintenance, financing and related debt service and billing collection.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity

1. Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds managed by the City (except for investments of the employees' health insurance trust and workers' compensation fund). The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Investments with maturity dates greater than three months are stated separately. Earnings from these investments, unless specifically designated, are allocated monthly to the investing fund based on the percentage of funds invested to total investments.

2. Receivables and Payables

Transactions between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables / payables" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectibles, if applicable.

Property taxes receivable - The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2005 in the governmental fund financial statements. It is not practicable to apportion delinquent taxes held by the County Treasurer and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

3. Inventories

Inventories are valued at cost using the first-in / first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity - Continued

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Restricted Assets

Certain monies in the Economic Development private purpose trust fund are restricted for re-use in the City's revolving loan program.

Cash in the Debt Service fund held with the fiscal agent are restricted for payment of principal and interest on general obligation bonds.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-75
Building improvements	20-75
Machinery and equipment	5-10
Office equipment	5-10
Infrastructure	20-75

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide and proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity - Continued

8. Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds. \$420,000 of temporary notes were outstanding at December 31, 2004.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Landfill Post-closure Care Liability

State and federal laws and regulations required the City to place a final cover on its landfill site, which was closed during 1994, and to perform certain maintenance and monitoring activities at the site for thirty years after closure. The amount reported as landfill post-closure care liability at December 31, 2004 represents what it would cost to perform all post-closure care in 2004. The actual costs may be higher due to inflation, changes in technology or changes in regulations. The City intends to fund these costs internally.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted from statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a) Preparation of the budget for the succeeding calendar year on or before August 1st of each year.
- b) Publication in a local newspaper of the proposed budget and the notice of public hearing on the budget on or before August 5th.
- c) Public hearing on or before August 15th of each year, but at least ten days after publication of the notice of hearing.
- d) Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended for 2004.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All encumbered appropriations (legal budget expenditures authority) lapse at year end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds: Emergency Housing, Housing CDBG Grant, Housing Study RDA, Housing Cost Analysis Program, Emergency Shelter, Housing CDBG Repayment, Telephone Tax-911, Law Enforcement Block Grant, Home Owners Rehab, DARE Crime Prevention, Home Rehab, Downtown Market Analysis, AHP Homebuyer, Wireless 911 Tax and 2003 Home Rehab. Spending in funds which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds			Other	Total
	General	Industrial	Debt	Nonmajor	Governmental
	<u>Fund</u>	<u>Development</u>	<u>Service</u>	<u>Funds</u>	<u>Funds</u>
		<u>Sales Tax Fund</u>	<u>Fund</u>		
GAAP FUND BALANCE					
December 31, 2004	\$ 833,809	\$ 970,237	\$ 385,615	\$ 703,932	\$ 2,893,593
Adjustments:					
Unreserved fund balances not subject to the Kansas Budget Law:					
Emergency Housing	-	-	-	[1,847]	[1,847]
Housing CDBG Grant	-	-	-	[21,230]	[21,230]
Housing Study RDA	-	-	-	[1,694]	[1,694]
Housing Cost Analysis Program	-	-	-	[60,659]	[60,659]
Telephone Tax 911	-	-	-	65,366	65,366
Law Enforcement Block Grant	-	-	-	17,814	17,814
Home Owners Rehab	-	-	-	[24,534]	[24,534]
DARE Crime Prevention	-	-	-	[2,872]	[2,872]
Home Rehab	-	-	-	[32,754]	[32,754]
AHP Homebuyer Helper	-	-	-	6,524	6,524
Wireless 911 Tax	-	-	-	[3,142]	[3,142]
2003 Home Rehab	-	-	-	17,790	17,790
Internal Improvements	-	-	-	[15,032]	[15,032]
Ball Diamonds	-	-	-	[23,706]	[23,706]
5th Avenue Relief Main	-	-	-	268,086	268,086
Park Improvement Project	-	-	-	[170,200]	[170,200]
Americus Rd US50 to 18th	-	-	-	136,649	136,649
Family Aquatic Center	-	-	-	210,395	210,395
Civic Auditorium Improvement	-	-	-	[148,375]	[148,375]
Animal Shelter	-	-	-	[1,490]	[1,490]
Library Bond Project	-	-	-	[10,544]	[10,544]
Storm Water Improvement Project	-	-	-	56,070	56,070
Prairie Pedestrian Bridge	-	-	-	3,738	3,738
Traffic Signals	-	-	-	[110,264]	[110,264]
Paving Projects	-	-	-	[405,411]	[405,411]
Construction Projects	-	-	-	[56,404]	[56,404]
Candlewood Drive	-	-	-	[119,930]	[119,930]
Police Equipment	-	-	-	101,699	101,699
Special Assessment	-	-	-	[205,930]	[205,930]
Airport Improvement	-	-	-	35,944	35,944
Recreation Center Improvement	-	-	-	[5,219]	[5,219]
Total deductions	-	-	-	[501,162]	[501,162]
BUDGETARY FUND BALANCE					
December 31, 2003	\$ 833,809	\$ 970,237	\$ 385,615	\$ 202,770	\$ 2,392,431

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

	Major Business-Type Funds			Total Business-Type Funds
	Solid Waste Disposal Fund	Sewer Utility Fund	Water Utility Fund	
CHANGE IN NET ASSETS				
December 31, 2004	\$ [140,999]	\$ 440,879	\$ [256,968]	\$ 42,912
Adjustments:				
Fixed assets	[176,096]	[311,270]	[75,106]	[562,472]
Prior year encumbrances	-	10,800	128,803	
Depreciation	234,997	979,586	857,472	2,072,055
Total deductions	58,901	679,116	911,169	1,509,583
BUDGETARY CHANGE IN NET ASSETS				
December 31, 2004	\$ [82,098]	\$ 1,119,995	\$ 654,201	\$ 1,552,495

B. Compliance with Kansas Statutes

The following funds had deficit fund equity at December 31, 2004: Special Street - \$3,261, Telephone Tax 911 - \$65,366, Law Enforcement Block Grant - \$17,814, AHP Homebuyer Helper - \$6,524, 2003 Home Rehab - \$17,790, 5th Avenue Relief Main - \$268,086, Americus Rd US50 to 18th - \$136,649, Family Aquatic Center - \$210,395, Storm Water Improvement Project - \$56,070, Prairie Pedestrian Bridge - \$3,738, Police Equipment - \$101,699, and Airport Improvement - \$35,944.

The deficits in the special revenue funds will be recovered from grant reimbursements for qualifying expenditures. The other deficits are from capital projects currently financed from other projects pending receipt of bond proceeds and/or grant moneys.

III. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

Restatement of Fund Balance

The proper inclusion of the Camoplast Rockland loan payable and the adjustment to the note receivable had the following effect on the beginning balances.

	Governmental Activities
Net Assets	
December 31, 2003	\$ 100,587,352
Prior period adjustment	[670,710]
Net Assets, Restated	
December 31, 2003	\$ 99,916,642

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits - At year end, the carrying amount of the City's cash was \$3,267,985 including \$4,945 cash on hand and the bank balance was \$3,302,157. The difference between the carrying amount and the bank balance is outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$200,000 was covered by federal deposit insurance and the remaining \$3,102,157 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement. The Kansas State Treasurer's Fiscal Agency Department held an unsecured and uncollateralized deposit of \$36,041.

Investments - Kansas statutes authorize the City to invest in US Treasury bills and notes, repurchase agreements, Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations. All investments must be insured, registered, or held by the City or its agent in the City's name. The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. The investments of the Kansas Municipal Investment Pool are held in the name of the state in the state's account at the Federal Reserve. These investments are reported to the City at fair value on a monthly basis. State statutes established the Pooled Money Investment Board to oversee the activities of the pool.

At December 31, 2004, the City had invested \$547,639 in the Kansas Municipal Investment Pool. The City's investment in the Kansas Municipal Investment Pool is not subject to categorization as to risk. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares. The categories of the City's investments are as follows:

	Category			Carrying Amount/ Fair Value
	1	2	3	
U.S. Government Agencies	\$ 1,646,859	\$ -	\$ -	\$ 1,646,859
Kansas Municipal Investment Pool				547,639
Total				<u>\$ 2,194,498</u>

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

A. Deposits and Investments - Continued

A reconciliation of cash and investments as shown on the combined Balance Sheet for the primary government follows:

Statement of net assets - cash and investments	\$ 5,053,707
Statement of net assets - cash with fiscal agent	36,041
Statement of fiduciary net assets - cash and cash equivalents	<u>408,776</u>
Total	<u>\$ 5,498,524</u>
Cash and cash equivalents	\$ 3,267,985
Cash held by fiscal agent	36,041
Investments	<u>2,194,498</u>
Total	<u>\$ 5,498,524</u>

Component Unit. At year-end, the carrying amount of the Library's cash, including certificates of deposit and cash on hand, was \$287,156 and the bank balance was \$328,271. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$194,419 was covered by federal depository insurance and the remaining \$133,852 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Library's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Library, the pledging bank, and the independent third-party bank holding the pledged securities.

B. Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Industrial Development Sales Tax</u>	<u>Debt Service</u>	<u>Solid Waste Disposal</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Other Governmental</u>	<u>Total</u>
Receivables:								
Accounts	\$ 625,792	\$ 271,570	\$ -	\$ 304,951	\$ 414,020	\$ 511,200	\$ 54,616	\$ 2,182,149
Taxes	3,502,000	-	1,436,639	-	-	-	576,530	5,515,169
Notes	<u>-</u>	<u>151,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,705</u>
Gross Receivables	4,127,792	423,275	1,436,639	304,951	414,020	511,200	631,146	7,849,023
Less: allowance for uncollectibles	<u>48,850</u>	<u>-</u>	<u>-</u>	<u>6,305</u>	<u>9,324</u>	<u>9,276</u>	<u>-</u>	<u>73,755</u>
Total	<u>\$ 4,078,942</u>	<u>\$ 423,275</u>	<u>\$ 1,436,639</u>	<u>\$ 298,646</u>	<u>\$ 404,696</u>	<u>\$ 501,924</u>	<u>\$ 631,146</u>	<u>\$ 7,775,268</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

C. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2004, is as follows:

<u>Fund Types</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 421,366	\$ -
Special Revenue:		
Industrial	103,147	-
Telephone Tax 911	-	66,128
Law Enforcement Block Grant	-	13,484
AHP Homebuyer Helper	-	6,524
2003 Home Rehab	-	17,011
Capital Projects:		
5th Avenue Relief Main	-	268,086
Americus Rd US50 to 18th	-	136,649
Family Aquatic Center	-	210,395
Storm Water Improvement Project	-	56,070
Paving Projects	427,514	-
Candlewood Drive	87,642	-
Police Equipment	-	101,699
Special Assessment	293,687	-
Airport Improvement	-	35,944
Fiduciary:		
Municipal Court	-	421,366
	<u>\$ 1,333,356</u>	<u>\$ 1,333,356</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

D. Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balance 12/31/2003	Additions	Retirements	Balance 12/31/2004
City governmental activities:				
Land improvements	\$ 200,227,430	\$ 350,399	\$ -	\$ 200,577,829
Buildings and improvements	12,186,045	116,496	-	12,302,541
Vehicles	2,487,635	344,485	[168,909]	2,663,211
Equipment, furniture and fixtures	<u>4,832,651</u>	<u>289,474</u>	<u>-</u>	<u>5,122,125</u>
Total capital assets	<u>219,733,761</u>	<u>1,100,854</u>	<u>[168,909]</u>	<u>220,665,706</u>
Less accumulated depreciation for:				
Land improvements	86,730,959	6,739,610	-	93,470,569
Buildings and improvements	6,112,877	341,096	-	6,453,973
Vehicles	2,168,147	200,330	[168,909]	2,199,568
Equipment, furniture and fixtures	<u>2,917,476</u>	<u>545,897</u>	<u>-</u>	<u>3,463,373</u>
Total accumulated depreciation	<u>97,929,459</u>	<u>7,826,933</u>	<u>[168,909]</u>	<u>105,587,483</u>
Governmental activities capital assets, net	<u>\$ 121,804,302</u>	<u>\$ [6,726,079]</u>	<u>\$ -</u>	<u>\$ 115,078,223</u>
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 9,223,240	\$ -	\$ [9,208,771]	14,469
Capital assets, being depreciated				
Land improvements	29,829,075	5,781,752	[1,438]	35,609,389
Buildings and improvements	17,336,370	2,255,295	[155,641]	19,436,024
Vehicles	7,380,663	141,795	[68,065]	7,454,393
Equipment, furniture and fixtures	<u>1,379,824</u>	<u>1,769,323</u>	<u>[69,034]</u>	<u>3,080,113</u>
Total capital assets	<u>65,149,172</u>	<u>9,948,165</u>	<u>[9,502,949]</u>	<u>65,594,388</u>
Less accumulated depreciation for:				
Land improvements	11,844,500	800,843	[52,050]	12,593,293
Buildings and improvements	5,382,949	483,980	-	5,866,929
Vehicles	3,289,043	180,963	[25,387]	3,444,619
Equipment, furniture and fixtures	<u>1,027,236</u>	<u>649,762</u>	<u>[70,124]</u>	<u>1,606,874</u>
Total accumulated depreciation	<u>21,543,728</u>	<u>2,115,548</u>	<u>[147,561]</u>	<u>23,511,715</u>
Business-type activities capital assets, net	<u>\$ 43,605,444</u>	<u>\$ 7,832,617</u>	<u>\$ [9,355,388]</u>	<u>\$ 42,082,673</u>

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

D. Capital Assets (Continued)

The City's depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 118,965
Public safety	286,670
Highways and streets	6,571,895
Culture and recreation	572,881
Building maintenance	103,027
Airport operations	<u>173,495</u>
Total depreciation	<u>\$ 7,826,933</u>
Business-type Activities	
Solid Waste Disposal	\$ 234,997
Sewer Utility	1,030,587
Water Utility	<u>849,964</u>
Total depreciation	<u>\$ 2,115,548</u>

E. Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of machinery and equipment. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

The following lists the cost of items leased under capital leases as of December 31, 2004:

	Governmental Activities <u>Assets</u>	Business-Type Activities <u>Assets</u>
Machinery and equipment	<u>\$ 24,556</u>	<u>\$ 296,772</u>

Minimum future lease payments under capital leases as of December 31, 2004 are:

	Governmental <u>Activities</u>
2005	<u>\$ 33,903</u>
Total minimum lease payments	33,903
Less amount representing interest	<u>[3,725]</u>
Present value of future minimum lease payments	<u>\$ 30,178</u>

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt

During the year ended December 31, 2004, the following changes, including the reallocation of the general obligation bonds outstanding between governmental and business-type activities, occurred in long term liabilities:

Governmental Activities

	Balance	Additions/		Balance	Amounts
	<u>January 1, 2004</u>	<u>Adjustments</u>	<u>Reductions</u>	<u>December 31, 2004</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 22,721,800	\$ 3,045,000	\$ 1,446,200	\$ 24,320,600	\$ 1,557,200
Temporary notes	1,185,000	420,000	1,185,000	420,000	420,000
Loans	-	215,596	23,513	192,083	23,986
Capital leases	86,856	-	56,678	30,178	30,178
Compensated absences	485,168	482,598	471,793	495,973	50,663
	<u>\$ 24,478,824</u>	<u>\$ 4,163,194</u>	<u>\$ 3,183,184</u>	<u>\$ 25,458,834</u>	<u>\$ 2,082,027</u>

Business-type Activities

General obligation bonds	\$ 6,453,200	\$ 265,000	\$ 728,800	\$ 5,989,400	\$ 572,800
Notes payable	15,255,430	574,585	766,926	15,063,089	701,219
Compensated absences	68,331	140,772	141,071	68,032	68,032
	<u>\$ 21,776,961</u>	<u>\$ 980,357</u>	<u>\$ 1,636,797</u>	<u>\$ 21,120,521</u>	<u>\$ 1,342,051</u>

General obligation bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

	<u>Issue Date</u>	<u>Mature Date</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Bonds Outstanding</u>
<u>Governmental Activities</u>					
1997-A internal improvements	10/1/97	9/1/11	\$ 2,050,000	4.25-6.00%	\$ 1,000,000
1998 refunding and improvements	12/1/98	9/1/14	3,375,000	3.875-4.75%	2,330,000
1999 internal improvements	12/1/99	9/1/14	1,770,000	5.25-5.75%	1,350,000
2000 internal improvements	12/1/00	9/1/15	4,375,000	4.55-6.00%	4,175,000
2001-A internal improvements	10/8/01	9/1/16	6,190,000	3.75-5.60%	6,040,000
2002 refunding	8/27/02	9/1/17	3,019,980	3.00-4.30%	2,185,000
2002-B refunding	11/20/02	11/1/12	2,800,000	3.00-3.50%	2,595,000
2003 refunding	8/15/03	9/1/18	1,631,800	3.20-4.65%	1,600,600
2004 temporary note	12/1/04	12/1/05	420,000	2.00%	420,000
2004 internal improvements	9/1/04	9/1/19	3,045,000	3.875-4.10%	3,045,000
<u>Business-type Activities</u>					
1998 refunding and improvements	12/1/98	9/1/14	6,195,000	3.875-4.75%	4,625,000
2002 refunding	8/27/02	9/1/17	1,180,020	3.00-4.30%	860,000
2003 refunding	8/15/03	9/1/18	338,200	3.20-4.65%	239,400
2004 internal improvements	9/1/04	9/1/19	265,000	3.875-4.10%	265,000
					<u>\$ 30,730,000</u>

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

<u>Year</u>	<u>Business-type Activities</u>		<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 572,800	\$ 246,907	\$ 1,977,200	\$ 1,047,214
2006	601,600	224,009	1,808,400	970,822
2007	500,000	200,928	1,875,000	896,324
2008	520,000	180,928	1,935,000	817,661
2009	535,000	160,128	2,005,000	734,354
2010-2014	3,105,000	446,745	9,705,000	2,409,740
2015-2019	<u>155,000</u>	<u>19,083</u>	<u>5,435,000</u>	<u>543,160</u>
	<u>\$ 5,989,400</u>	<u>\$ 1,478,728</u>	<u>\$ 24,740,600</u>	<u>\$ 7,419,275</u>

Defeased bonds. In prior years, the City had defeased certain outstanding debt obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At December 31, 2004, the following outstanding bonds are considered defeased:

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

1993-A general obligation bonds	\$ 125,000
1993-B general obligation bonds	880,000
1978 sewer system refunding revenue bonds	1,350,000
1989 water system revenue bonds	885,000
1994-A water system revenue bonds	4,495,000
1994-B general obligation bonds	875,000
1996-A general obligation bonds	1,800,000
Total	<u>\$ 10,410,000</u>

Special assessments. As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Debt Service fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service fund. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

Conduit debt. The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. At December 31, 2004, total outstanding conduit debt was \$20,951,570.

Notes Payable. Payments began on February 1, 2000, on a 4.07% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund water system improvements. The annual debt service requirements for this loan, which matures August 1, 2020, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Water Utility</u> <u>Fund</u>
2005	\$ 336,421
2006	336,421
2007	336,421
2008	336,421
2009	336,421
2010-2014	1,682,105
2015-2019	1,682,105
2020	<u>336,424</u>
Total Principal and interest	5,382,740
Less: Interest	<u>1,455,122</u>
Total	<u>\$ 3,927,618</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

Payments began on September 1, 2001, on a 3.19% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund wastewater treatment plant expansion. The current amount of debt service for this loan is \$4,057,459. Payments will begin on March 1, 2004, on a 3.10% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund the second phase of the wastewater treatment plant expansion. The current amount of debt service for this loan is \$7,078,012. However annual projected debt service requirements, once all draws have been taken, for these loans, which mature March 1, 2021 and September 1, 2023, respectively, are as follows:

<u>Year Ending December 31,</u>	<u>Wastewater Treatment Plant Expansion Phase I</u>	<u>Wastewater Treatment Plant Expansion Phase II</u>	<u>Total Sewer Utility Fund</u>
2005	\$ 369,684	\$ 537,292	\$ 906,976
2006	369,684	537,292	906,976
2007	369,684	537,292	906,976
2008	369,684	537,292	906,976
2009	369,684	537,292	906,976
2010-2014	1,848,420	2,686,460	4,534,880
2015-2019	1,848,420	2,686,460	4,534,880
2020-2023	<u>739,372</u>	<u>2,149,169</u>	<u>2,888,541</u>
Total Principal and interest	6,284,634	10,208,549	16,493,183
Less: Interest	<u>1,570,476</u>	<u>2,537,311</u>	<u>4,107,787</u>
Total	<u>\$ 4,714,158</u>	<u>\$ 7,671,238</u>	<u>\$ 12,385,396</u>

The following is a reconciliation of the Sewer Utility Fund notes payable and the projected debt service requirements.

Projected Debt Service Principal	
Wastewater Treatment Plant Phase I	\$ 4,714,158
Wastewater Treatment Plant Phase II	<u>7,671,238</u>
Total Projected Debt Service Principal	12,385,396
Undrawn Note Proceeds	<u>[1,249,925]</u>
Statement of Net Assets - Proprietary Funds - Sewer Utility	<u>\$ 11,135,471</u>
Current portion	\$ 522,856
Long term portion	<u>10,612,615</u>
	<u>\$ 11,135,471</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

Loans Payable. Payments began on November 1, 2002, on a 2% interest rate loan agreement through the Camoplast Rockland economic development grant agreement. The annual debt service requirements on this loan, which matures May 1, 2012, are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2005	\$ 27,708
2006	27,708
2007	27,708
2008	27,708
2009	27,708
2010-2012	<u>69,266</u>
Total Principal and interest	207,806
Less: Interest	<u>15,723</u>
Total	<u>\$ 192,083</u>

G. Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	<u>To</u>	<u>From</u>
Major Funds:		
General	\$ 2,172,206	\$ 839,905
Industrial Development Sales Tax	495,506	-
Debt Service	553,626	-
Solid Waste Disposal	-	485,640
Sewer Utility	-	549,000
Water Utility		1,006,240
Other Governmental Funds	<u>297,035</u>	<u>637,588</u>
	<u>\$ 3,518,373</u>	<u>\$ 3,518,373</u>

V. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan description - The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by Kansas statutes (KSA 74-4901 et seq). KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law established and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to 611 South Kansas, Suite 100; Topeka, Kansas 66603 or by calling 1-888-275-5737.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

V. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Funding policy - KSA 74-4919 established the KPERS member-employee contribution rate at 4% of covered salary. KSA 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The employer rate was 3.22% from January 1 to June 30, 2004 and 3.82% from July 1 to December 31, 2004. The City employer contributions to KPERS for the years ending December 31, 2004, 2003, and 2002 were \$180,541, \$162,150, and \$129,628, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2004 is 12.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2004, 2003, and 2002 were \$540,307, \$432,929, and \$426,929, respectively, equal to the required contributions for each year.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan are transferred to a third-party custodial trust.

C. Flexible Benefit Plan (I.R.C. Section 125)

The City Commission has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All City employees working more than 20 hours per week are eligible to participate in the Plan beginning after two full months of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include insurance benefits.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded available coverage for the years ended December 31, 2004, 2003, or 2002.

Workers' Compensation. The City established a limited risk management program for workers' compensation. The program covers all City employees. Premiums are paid into the workers' compensation reserve fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

V. OTHER INFORMATION - Continued

D. Risk Management

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the Workers' Compensation Fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the past year are as follows:

	<u>2004</u>	<u>2003</u>
Unpaid claims, January 1	\$ 362,085	\$ 367,948
Incurred claims (including IBNRs)	185,869	138,841
Claim payments	<u>[180,069]</u>	<u>[144,704]</u>
Unpaid claims, December 31	<u>\$ 367,885</u>	<u>\$ 362,085</u>

Employee Health Care. Similarly, the City has established a program to pay medical claims of covered current and former City employees. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

	<u>2004</u>	<u>2003</u>
Unpaid claims, January 1	\$ 12,945	\$ 115,377
Incurred claims (including IBNRs)	1,117,628	933,067
Claim payments	<u>[1,056,190]</u>	<u>[1,035,499]</u>
Unpaid claims, December 31	<u>\$ 74,383</u>	<u>\$ 12,945</u>

E. Contingent Liabilities

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City at December 31, 2004.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENTS - NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

BUDGETED FUNDS:

Library Fund - To account for the collection of tax levy money, which is appropriated to the Emporia Public Library for its operations.

Library Employee Benefits Fund - To account for the collection of tax levy money, which is appropriated to the Emporia Public Library specifically for employee benefits.

Convention and Tourism Promotion Fund - To account for the promotion of convention and tourism. Financing is provided by a 4% tax on gross rental receipts collected from hotels and motels within the City limits.

Industrial Fund - To account for the promotion of industrial development. The majority of this fund is used to assist in the acquisition of land for the industrial parks. Financing is provided by a property tax levy not to exceed 1 mill. This is the maximum amount that can be levied per Kansas statutes.

Special Alcohol Program Fund - To account for costs for the purchase, establishment, maintenance or expansion of services or programs related to substance abuse prevention and education, or treatment of persons who are substance abusers or are in danger of becoming substance abusers. Financing is provided by tax on the sale of alcoholic liquor by private clubs. State law requires 1/3 of this liquor tax to be used for a special alcohol program.

Special Park and Recreation Fund - To account for the costs of enhancing the areas of recreation or parks. Financing is provided by tax on the sale of alcoholic liquor by private clubs. State law requires 1/3 of this liquor tax to be used for a special park and recreation fund.

Special Street Fund - To account for a portion of costs of maintaining the street system. Financing is provided by a proportionate share of the Special City and County Highway Fund distributed by the State Treasurer.

Drug Money Forfeiture Fund - To account for the receipt and expenditure of funds seized by the police in connection with the arrest and conviction of individuals for illegal drug activities.

NON - BUDGETED FUNDS:

Emergency Housing Fund - To account for rehabilitation housing expenditures for low to moderate income level home owners when other financial sources cannot be utilized.

Housing CDBG Grant Fund - To account for the costs of rehabilitating eligible rental properties. Financing was provided by the US Department of Housing and Urban Development through a community development block grant.

Housing Study RDA Fund - To account for a county-wide study to identify the current and future needs and solutions to housing problems within the county.

Housing Cost Analysis Program Fund - To account for the collection and analysis of the costs associated with the construction of residential homes. The program also provides additional funds for qualified persons to purchase homes.

Emergency Shelter Fund - To account for grant funds appropriated to a local women's shelter.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENTS - NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Housing CDBG Repayment Fund - To account for loan repayment funds to be utilized to rehabilitate houses for low to moderate income level home owners.

Telephone Tax -911 Fund - To account for the cost of implementing a "911" emergency response telephone system.

Law Enforcement Block Grant Fund - To account for grant funds from the US Department of Justice to be used to purchase certain equipment for the police department.

Home Owners Rehab Fund - To account for funds used in the owner occupied rehabilitation grant program.

DARE Crime Prevention Fund - To account for funds expended in connection with the DARE program.

Home Rehab Fund - To account for funds used in the owner occupied rehabilitation grant program.

Downtown Market Analysis - To account for funds used in the market analysis.

AHP Homebuyer Helper - To account for funds used in the AHP program.

Wireless 911 Tax – To account for the cost of implementing a "911" emergency response for the wireless telephone system.

2003 Home Rehab – To account for funds used in the owner occupied rehabilitation grant program.

NONMAJOR CAPITAL PROJECT FUND

Capital project funds are used to account for acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

KLINK Projects - To account for resurfacing projects financed through the State KLINK program. The State participates in funding up to 50% of eligible items.

Internal Improvements - To account for various city infrastructure improvement projects. Financing is provided through temporary notes and special assessments.

Ball Diamonds - To account for the costs to improve existing ball diamond facilities.

5th Avenue Relief Main - To account for the improvement of the sanitary sewer from 5th Avenue to the Cottonwood River. Financing is to be provided through CDBG money.

Park Improvement Project - To account for the costs of improving existing parks.

Americus Rd US50 to 18th - To account for the improvement of an existing road. To be financed with grant money and the issuance of general obligation bonds.

Family Aquatic Center - To account for costs of a new swimming pool complex.

Civic Auditorium Improvement - To account for the improvements to the Civic Auditorium, which will be funded through the issuance of general obligation bonds.

CITY OF EMPORIA, KANSAS
COMBINING STATEMENTS - NONMAJOR FUNDS
NONMAJOR CAPITAL PROJECT FUND

Main Street Streetscape Project - To account for improvements to enhance downtown Emporia. Financing is to be provided through the issuance of general obligation bonds.

Animal Shelter - To account for the costs that have been incurred to construct a new animal shelter.

Library Bond Project - To account for improvements to the Emporia Public Library funded through the issuance of general obligation bonds.

Storm Water Improvement Project – To account for improvements to the stormwater system.

Prairie Pedestrian Bridge - To account for the cost of the construction of a pedestrian bridge over I35. A KDOT grant will pay for 50% of the cost and general obligation bonds will be issued for the remainder.

Traffic Signals - To account for the cost of new traffic control devices.

Paving Projects - To account for the costs of new paving projects.

Construction Projects - To account for the costs of construction of new city facilities.

Candlewood Drive - To account for the costs of development within a new subdivision.

Police Equipment - To account for the costs of purchasing police equipment.

Special Assessment – To account for the costs of new subdivisions that will be charged special assessments.

Airport Improvement – To account for the improvements at the airport.

Recreation Center Improvement – To account for the improvements at the Recreation Center.

CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Capital Project <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS			
Cash and investments	\$ 191,115	\$ 643,395	\$ 834,510
Receivables			
Accounts	54,616	-	54,616
Taxes	576,530	-	576,530
Due from other funds	103,147	808,843	911,990
Total assets	<u>\$ 925,408</u>	<u>\$ 1,452,238</u>	<u>\$ 2,377,646</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 31,590	\$ 183,471	\$ 215,061
Accrued liabilities	20,133	-	20,133
Due to other funds	103,147	808,843	911,990
Deferred revenue	576,530	-	576,530
Total liabilities	<u>731,400</u>	<u>992,314</u>	<u>1,723,714</u>
 Fund balance:			
Unreserved			
Designated			
For industrial development	111,301	-	111,301
Undesignated [deficit]	82,707	459,924	542,631
Total fund balance [deficit]	<u>194,008</u>	<u>459,924</u>	<u>653,932</u>
Total liabilities and fund balances	<u>\$ 925,408</u>	<u>\$ 1,452,238</u>	<u>\$ 2,377,646</u>

See independent auditor's report on the financial statements.

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CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Capital Project <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues			
Taxes	\$ 627,312	\$ -	\$ 627,312
Intergovernmental	1,694,091	145,080	1,839,171
Use of money and property	9,220	36,056	45,276
Donations and contributions	6,177	-	6,177
Miscellaneous	<u>28,215</u>	<u>11,689</u>	<u>39,904</u>
Total Revenues	<u>2,365,015</u>	<u>192,825</u>	<u>2,557,840</u>
Expenditures			
Current			
General government	394,089	-	394,089
Law enforcement	71,072	-	71,072
Highways and streets	741,284	-	741,284
Culture and recreation	618,030	-	618,030
Health and environment	66,672	-	66,672
Planning and development	304,708	-	304,708
Capital outlay	-	1,873,304	1,873,304
Debt service			
Interest and other charges	<u>-</u>	<u>25,221</u>	<u>25,221</u>
Total Expenditures	<u>2,195,855</u>	<u>1,898,525</u>	<u>4,094,380</u>
Excess [deficiency] of revenues over [under] expenditures	<u>169,160</u>	<u>[1,705,700]</u>	<u>[1,536,540]</u>
Other Financing Sources [Uses]			
Transfers in	9,789	287,246	297,035
Transfers out	[144,016]	[493,572]	[637,588]
Sale of bonds	<u>-</u>	<u>2,520,000</u>	<u>2,520,000</u>
Total Other Financing Sources [Uses]	<u>[134,227]</u>	<u>2,313,674</u>	<u>2,179,447</u>
Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses]	<u>34,933</u>	<u>607,974</u>	<u>642,907</u>
Fund balance, beginning of year	209,075	[148,050]	61,025
Prior period adjustment	<u>[50,000]</u>	<u>-</u>	<u>[50,000]</u>
Fund balance, beginning of year, restated	<u>159,075</u>	<u>[148,050]</u>	<u>11,025</u>
Fund balance, end of year	<u>\$ 194,008</u>	<u>\$ 459,924</u>	<u>\$ 653,932</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2004

	<u>Library</u>	<u>Library Employee Benefits</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>
ASSETS				
Cash and investments	\$ 13,235	\$ 854	\$ 101	\$ 8,154
Receivables				
Accounts	-	-	-	-
Taxes	533,231	42,269	-	1,030
Due from other funds	-	-	-	103,147
Total assets	<u>\$ 546,466</u>	<u>\$ 43,123</u>	<u>\$ 101</u>	<u>\$ 112,331</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	<u>533,231</u>	<u>42,269</u>	<u>-</u>	<u>1,030</u>
Total liabilities	<u>533,231</u>	<u>42,269</u>	<u>-</u>	<u>1,030</u>
Fund balance:				
Unreserved				
Designated				
For industrial development	-	-	-	111,301
Undesignated [deficit]	<u>13,235</u>	<u>854</u>	<u>101</u>	<u>-</u>
Total fund balance [deficit]	<u>13,235</u>	<u>854</u>	<u>101</u>	<u>111,301</u>
Total liabilities and fund balances	<u>\$ 546,466</u>	<u>\$ 43,123</u>	<u>\$ 101</u>	<u>\$ 112,331</u>

<u>Special Alcohol Program</u>	<u>Special Park and Recreation</u>	<u>Special Street</u>	<u>Drug Money Forfeiture</u>	<u>Emergency Housing</u>	<u>Housing CDBG Grant</u>	<u>Housing Study RDA</u>
\$ 20,110	\$ 10,277	\$ 20,910	\$ 2,485	\$ 1,257	\$ 11,122	\$ 1,694
-	-	3,490	-	590	10,108	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 20,110</u>	<u>\$ 10,277</u>	<u>\$ 24,400</u>	<u>\$ 2,485</u>	<u>\$ 1,847</u>	<u>\$ 21,230</u>	<u>\$ 1,694</u>
\$ -	\$ 2,332	\$ 7,528	\$ -	\$ -	\$ -	\$ -
-	-	20,133	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,332	27,661	-	-	-	-
-	-	-	-	-	-	-
20,110	7,945	[3,261]	2,485	1,847	21,230	1,694
<u>20,110</u>	<u>7,945</u>	<u>[3,261]</u>	<u>2,485</u>	<u>1,847</u>	<u>21,230</u>	<u>1,694</u>
<u>\$ 20,110</u>	<u>\$ 10,277</u>	<u>\$ 24,400</u>	<u>\$ 2,485</u>	<u>\$ 1,847</u>	<u>\$ 21,230</u>	<u>\$ 1,694</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2004

	Housing Cost Analysis <u>Program</u>	Emergency <u>Shelter</u>	Housing CDBG <u>Repayment</u>	Telephone <u>Tax-911</u>	Law Enforcement <u>Block Grant</u>
ASSETS					
Cash and investments	\$ 60,659	\$ -	\$ -	\$ -	\$ -
Receivables					
Accounts	-	-	-	762	-
Taxes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 60,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 762</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,330
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	66,128	13,484
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,128</u>	<u>17,814</u>
Fund balance:					
Unreserved					
Designated					
For industrial development	-	-	-	-	-
Undesignated [deficit]	<u>60,659</u>	<u>-</u>	<u>-</u>	<u>[65,366]</u>	<u>[17,814]</u>
Total fund balance [deficit]	<u>60,659</u>	<u>-</u>	<u>-</u>	<u>[65,366]</u>	<u>[17,814]</u>
Total liabilities and fund balances	<u>\$ 60,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 762</u>	<u>\$ -</u>

<u>Home Owners Rehab</u>	<u>DARE Crime Prevention</u>	<u>Home Rehab</u>	<u>Downtown Market Analysis</u>	<u>AHP Homebuyer Helper</u>	<u>Wireless 911 Tax</u>	<u>2003 Home Rehab</u>	<u>Totals</u>
\$ 6,136	\$ 2,872	\$ 28,107	\$ -	\$ -	\$ 3,142	\$ -	\$ 191,115
19,520	-	10,137	-	-	-	10,009	54,616
-	-	-	-	-	-	-	576,530
-	-	-	-	-	-	-	103,147
<u>\$ 25,656</u>	<u>\$ 2,872</u>	<u>\$ 38,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,142</u>	<u>\$ 10,009</u>	<u>\$ 925,408</u>
\$ 1,122	\$ -	\$ 5,490	\$ -	\$ -	\$ -	\$ 10,788	\$ 31,590
-	-	-	-	-	-	-	20,133
-	-	-	-	6,524	-	17,011	103,147
-	-	-	-	-	-	-	576,530
<u>1,122</u>	<u>-</u>	<u>5,490</u>	<u>-</u>	<u>6,524</u>	<u>-</u>	<u>27,799</u>	<u>731,400</u>
-	-	-	-	-	-	-	111,301
<u>24,534</u>	<u>2,872</u>	<u>32,754</u>	<u>-</u>	<u>[6,524]</u>	<u>3,142</u>	<u>[17,790]</u>	<u>82,707</u>
<u>24,534</u>	<u>2,872</u>	<u>32,754</u>	<u>-</u>	<u>[6,524]</u>	<u>3,142</u>	<u>[17,790]</u>	<u>194,008</u>
<u>\$ 25,656</u>	<u>\$ 2,872</u>	<u>\$ 38,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,142</u>	<u>\$ 10,009</u>	<u>\$ 925,408</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2004

	<u>Library</u>	<u>Library Employee Benefits</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>
Revenues				
Taxes	\$ 585,964	\$ 40,175	\$ -	\$ 1,173
Intergovernmental	-	-	280,771	-
Use of money and property	-	-	94	1,294
Donations	-	-	-	-
Miscellaneous	104	-	-	-
Total Revenues	<u>586,068</u>	<u>40,175</u>	<u>280,865</u>	<u>2,467</u>
Expenditures				
General government	-	-	280,771	-
Law enforcement	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	578,030	40,000	-	-
Health and environment	-	-	-	-
Planning and development	-	-	-	1,772
Total Expenditures	<u>578,030</u>	<u>40,000</u>	<u>280,771</u>	<u>1,772</u>
Excess [deficiency] of revenues over [under] expenditures	<u>8,038</u>	<u>175</u>	<u>94</u>	<u>695</u>
Other Financing Sources [Uses]				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources [Uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses]	<u>8,038</u>	<u>175</u>	<u>94</u>	<u>695</u>
Fund balance, beginning of year	5,197	679	7	110,606
Prior period adjustment	-	-	-	-
Fund balance, beginning of year, restated	<u>5,197</u>	<u>679</u>	<u>7</u>	<u>110,606</u>
Fund balance, end of year	<u>\$ 13,235</u>	<u>\$ 854</u>	<u>\$ 101</u>	<u>\$ 111,301</u>

<u>Special Alcohol Program</u>	<u>Special Park and Recreation</u>	<u>Special Street</u>	<u>Drug Money Forfeiture</u>	<u>Emergency Housing</u>	<u>Housing CDBG Grant</u>	<u>Housing Study RDA</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67,840	67,840	837,871	26,004	-	-	-
140	267	1,258	229	610	205	-
-	3,951	-	-	-	-	-
-	-	7,623	-	-	6	-
<u>67,980</u>	<u>72,058</u>	<u>846,752</u>	<u>26,233</u>	<u>610</u>	<u>211</u>	<u>-</u>
-	68,866	-	-	7	-	-
-	-	-	31,253	-	-	-
-	-	741,284	-	-	-	-
-	-	-	-	-	-	-
66,672	-	-	-	-	-	-
-	-	-	-	-	17,179	-
<u>66,672</u>	<u>68,866</u>	<u>741,284</u>	<u>31,253</u>	<u>7</u>	<u>17,179</u>	<u>-</u>
<u>1,308</u>	<u>3,192</u>	<u>105,468</u>	<u>[5,020]</u>	<u>603</u>	<u>[16,968]</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	[133,101]	-	-	-	-
-	-	[133,101]	-	-	-	-
<u>1,308</u>	<u>3,192</u>	<u>[27,633]</u>	<u>[5,020]</u>	<u>603</u>	<u>[16,968]</u>	<u>-</u>
18,802	4,753	74,372	7,505	1,244	38,198	1,694
-	-	[50,000]	-	-	-	-
<u>18,802</u>	<u>4,753</u>	<u>24,372</u>	<u>7,505</u>	<u>1,244</u>	<u>38,198</u>	<u>1,694</u>
<u>\$ 20,110</u>	<u>\$ 7,945</u>	<u>\$ [3,261]</u>	<u>\$ 2,485</u>	<u>\$ 1,847</u>	<u>\$ 21,230</u>	<u>\$ 1,694</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2004

	Housing Cost Analysis <u>Program</u>	Emergency <u>Shelter</u>	Housing CDBG <u>Repayment</u>	Telephone <u>Tax-911</u>	Law Enforcement <u>Block Grant</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	13,780	-	58,689	27,098
Use of money and property	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	<u>844</u>	<u>-</u>	<u>2,228</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>844</u>	<u>13,780</u>	<u>2,228</u>	<u>58,689</u>	<u>27,098</u>
Expenditures					
General government	-	13,780	-	21,633	-
Law enforcement	-	-	-	-	35,870
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and environment	-	-	-	-	-
Planning and development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>13,780</u>	<u>-</u>	<u>21,633</u>	<u>35,870</u>
Excess [deficiency] of revenues over [under] expenditures	<u>844</u>	<u>-</u>	<u>2,228</u>	<u>37,056</u>	<u>[8,772]</u>
Other Financing Sources [Uses]					
Transfers in	-	-	-	-	9,789
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources [Uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,789</u>
Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses]	<u>844</u>	<u>-</u>	<u>2,228</u>	<u>37,056</u>	<u>1,017</u>
Fund balance, beginning of year	59,815	-	[2,228]	[102,422]	[18,831]
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year, restated	<u>59,815</u>	<u>-</u>	<u>[2,228]</u>	<u>[102,422]</u>	<u>[18,831]</u>
Fund balance, end of year	<u>\$ 60,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ [65,366]</u>	<u>\$ [17,814]</u>

<u>Home Owners Rehab</u>	<u>DARE Crime Prevention</u>	<u>Home Rehab</u>	<u>Downtown Market Analysis</u>	<u>AHP Homebuyer Helper</u>	<u>Wireless 911 Tax</u>	<u>2003 Home Rehab</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,312
-	-	47,234	9,500	53,353	14,048	190,063	1,694,091
5,114	-	-	-	-	9	-	9,220
-	2,226	-	-	-	-	-	6,177
-	-	-	4,849	-	-	12,561	28,215
<u>5,114</u>	<u>2,226</u>	<u>47,234</u>	<u>14,349</u>	<u>53,353</u>	<u>14,057</u>	<u>202,624</u>	<u>2,365,015</u>
-	-	-	9,032	-	-	-	394,089
-	3,949	-	-	-	-	-	71,072
-	-	-	-	-	-	-	741,284
-	-	-	-	-	-	-	618,030
-	-	-	-	-	-	-	66,672
<u>13,100</u>	<u>-</u>	<u>5,728</u>	<u>-</u>	<u>46,515</u>	<u>-</u>	<u>220,414</u>	<u>304,708</u>
<u>13,100</u>	<u>3,949</u>	<u>5,728</u>	<u>9,032</u>	<u>46,515</u>	<u>-</u>	<u>220,414</u>	<u>2,195,855</u>
<u>[7,986]</u>	<u>[1,723]</u>	<u>41,506</u>	<u>5,317</u>	<u>6,838</u>	<u>14,057</u>	<u>[17,790]</u>	<u>169,160</u>
-	-	-	-	-	-	-	9,789
-	-	-	-	-	[10,915]	-	[144,016]
-	-	-	-	-	[10,915]	-	[134,227]
<u>[7,986]</u>	<u>[1,723]</u>	<u>41,506</u>	<u>5,317</u>	<u>6,838</u>	<u>3,142</u>	<u>[17,790]</u>	<u>34,933</u>
32,520	4,595	[8,752]	[5,317]	[13,362]	-	-	209,075
-	-	-	-	-	-	-	[50,000]
<u>32,520</u>	<u>4,595</u>	<u>[8,752]</u>	<u>[5,317]</u>	<u>[13,362]</u>	<u>-</u>	<u>-</u>	<u>159,075</u>
<u>\$ 24,534</u>	<u>\$ 2,872</u>	<u>\$ 32,754</u>	<u>\$ -</u>	<u>\$ [6,524]</u>	<u>\$ 3,142</u>	<u>\$ [17,790]</u>	<u>\$ 194,008</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2004

	<u>KLINK Projects</u>	<u>Internal Improvements</u>	<u>Ball Diamonds</u>	<u>5th Avenue Relief Main</u>
ASSETS				
Cash and investments	\$ -	\$ 15,032	\$ 23,706	\$ -
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 15,032</u>	<u>\$ 23,706</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,086</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,086</u>
Fund balance:				
Unreserved				
Undesignated [deficit]	<u>-</u>	<u>15,032</u>	<u>23,706</u>	<u>[268,086]</u>
Total fund balances [deficit]	<u>-</u>	<u>15,032</u>	<u>23,706</u>	<u>[268,086]</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 15,032</u>	<u>\$ 23,706</u>	<u>\$ -</u>

Park Improvement Project	Americus Rd US50 to 18th	Family Aquatic Center	Civic Auditorium Improvement	Main Street Streetscape Projects	Animal Shelter	Library Bond Project
\$ 170,200	\$ -	\$ -	\$ 154,784	\$ -	\$ 1,490	\$ 25,425
-	-	-	-	-	-	-
<u>\$ 170,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,784</u>	<u>\$ -</u>	<u>\$ 1,490</u>	<u>\$ 25,425</u>
\$ -	\$ -	\$ -	\$ 6,409	\$ -	\$ -	\$ 14,881
-	136,649	210,395	-	-	-	-
<u>-</u>	<u>136,649</u>	<u>210,395</u>	<u>6,409</u>	<u>-</u>	<u>-</u>	<u>14,881</u>
170,200	[136,649]	[210,395]	148,375	-	1,490	10,544
<u>170,200</u>	<u>[136,649]</u>	<u>[210,395]</u>	<u>148,375</u>	<u>-</u>	<u>1,490</u>	<u>10,544</u>
<u>\$ 170,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,784</u>	<u>\$ -</u>	<u>\$ 1,490</u>	<u>\$ 25,425</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2004

	Storm Water Improvement Project	Prairie Pedestrian Bridge	Traffic Signals	Paving Projects
ASSETS				
Cash and investments	\$ -	\$ 22,630	\$ 129,516	\$ -
Due from other funds	-	-	-	427,514
Total assets	<u>\$ -</u>	<u>\$ 22,630</u>	<u>\$ 129,516</u>	<u>\$ 427,514</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 26,368	\$ 19,252	\$ 22,103
Due to other funds	56,070	-	-	-
Total liabilities	<u>56,070</u>	<u>26,368</u>	<u>19,252</u>	<u>22,103</u>
Fund balance:				
Unreserved				
Undesignated [deficit]	[56,070]	[3,738]	110,264	405,411
Total fund balances [deficit]	<u>[56,070]</u>	<u>[3,738]</u>	<u>110,264</u>	<u>405,411</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 22,630</u>	<u>\$ 129,516</u>	<u>\$ 427,514</u>

Construction Projects	Candlewood Drive	Police Equipment	Special Assessment	Airport Improvement	Recreation Center Improvement	Totals
\$ 56,404	\$ 32,288	\$ -	\$ -	\$ -	\$ 11,920	\$ 643,395
-	87,642	-	293,687	-	-	808,843
<u>\$ 56,404</u>	<u>\$ 119,930</u>	<u>\$ -</u>	<u>\$ 293,687</u>	<u>\$ -</u>	<u>\$ 11,920</u>	<u>\$ 1,452,238</u>
\$ -	\$ -	\$ -	\$ 87,757	\$ -	\$ 6,701	\$ 183,471
-	-	101,699	-	35,944	-	808,843
<u>-</u>	<u>-</u>	<u>101,699</u>	<u>87,757</u>	<u>35,944</u>	<u>6,701</u>	<u>992,314</u>
56,404	119,930	[101,699]	205,930	[35,944]	5,219	459,924
<u>56,404</u>	<u>119,930</u>	<u>[101,699]</u>	<u>205,930</u>	<u>[35,944]</u>	<u>5,219</u>	<u>459,924</u>
<u>\$ 56,404</u>	<u>\$ 119,930</u>	<u>\$ -</u>	<u>\$ 293,687</u>	<u>\$ -</u>	<u>\$ 11,920</u>	<u>\$ 1,452,238</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2004

	KLINK Projects	Internal Improvements	Ball Diamonds	5th Avenue Relief Main
Revenues				
Intergovernmental	\$ 124,012	\$ -	\$ -	\$ -
Use of money and property	-	-	304	-
Miscellaneous	-	-	-	-
Total Revenues	<u>124,012</u>	<u>-</u>	<u>304</u>	<u>-</u>
Expenditures				
Capital outlay				
Contract costs	215	322,639	7,940	864
Debt service				
Interest and other charges	-	2,092	-	-
Total Expenditures	<u>215</u>	<u>324,731</u>	<u>7,940</u>	<u>864</u>
Excess [deficiency] of revenues over [under] expenditures	<u>123,797</u>	<u>[324,731]</u>	<u>[7,636]</u>	<u>[864]</u>
Other Financing Sources [Uses]				
Transfers in	5,567	6,356	-	-
Transfers out	-	[13,161]	-	-
Sale of bonds	-	215,000	-	-
Total Other Financing Sources [Uses]	<u>5,567</u>	<u>208,195</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses]	<u>129,364</u>	<u>[116,536]</u>	<u>[7,636]</u>	<u>[864]</u>
Fund balance, beginning of year	<u>[129,364]</u>	<u>131,568</u>	<u>31,342</u>	<u>[267,222]</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 15,032</u>	<u>\$ 23,706</u>	<u>\$ [268,086]</u>

Park Improvement Project	Americus Rd US50 to 18th	Family Aquatic Center	Civic Auditorium Improvement	Main Street Streetscape Projects	Animal Shelter	Library Bond Project
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -
1,514	-	-	1,414	-	421	25,375
10,000	-	-	-	-	-	-
<u>11,514</u>	<u>-</u>	<u>-</u>	<u>1,414</u>	<u>1,000</u>	<u>421</u>	<u>25,375</u>
24,135	127,551	2,361	122,033	5,701	1,865	69,335
973	-	-	1,946	-	-	-
<u>25,108</u>	<u>127,551</u>	<u>2,361</u>	<u>123,979</u>	<u>5,701</u>	<u>1,865</u>	<u>69,335</u>
<u>[13,594]</u>	<u>[127,551]</u>	<u>[2,361]</u>	<u>[122,565]</u>	<u>[4,701]</u>	<u>[1,444]</u>	<u>[43,960]</u>
-	-	-	-	38,273	-	-
-	-	-	-	-	[108,000]	-
100,000	-	-	200,000	-	-	-
<u>100,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>38,273</u>	<u>[108,000]</u>	<u>-</u>
86,406	[127,551]	[2,361]	77,435	33,572	[109,444]	[43,960]
<u>83,794</u>	<u>[9,098]</u>	<u>[208,034]</u>	<u>70,940</u>	<u>[33,572]</u>	<u>110,934</u>	<u>54,504</u>
<u>\$ 170,200</u>	<u>\$ [136,649]</u>	<u>\$ [210,395]</u>	<u>\$ 148,375</u>	<u>\$ -</u>	<u>\$ 1,490</u>	<u>\$ 10,544</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2004

	Storm Water Improvement Project	Prairie Pedestrian Bridge	Traffic Signals	Paving Projects
Revenues				
Intergovernmental	\$ -	\$ 500	\$ -	\$ 19,568
Use of money and property	-	-	520	1,711
Contributions	-	-	-	-
Total Revenues	-	500	520	21,279
Expenditures				
Capital outlay				
Contract costs	171,070	176,904	95,746	75,268
Debt service				
Interest and other charges	-	5,886	1,995	5,935
Total Expenditures	171,070	182,790	97,741	81,203
Excess [deficiency] of revenues over [under] expenditures	[171,070]	[182,290]	[97,221]	[59,924]
Other Financing Sources [Uses]				
Transfers in	-	-	2,901	230,715
Transfers out	-	-	-	[354,321]
Sale of bonds	115,000	605,000	205,000	610,000
Total Other Financing Sources [Uses]	115,000	605,000	207,901	486,394
Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses]	[56,070]	422,710	110,680	426,470
Fund balance, beginning of year	-	[426,448]	[416]	[21,059]
Fund balance, end of year	\$ [56,070]	\$ [3,738]	\$ 110,264	\$ 405,411

Construction Projects	Candlewood Drive	Police Equipment	Special Assessment	Airport Improvement	Recreation Center Improvement	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,080
1,111	2,870	438	190	-	188	36,056
<u>1,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,689</u>
<u>2,800</u>	<u>2,870</u>	<u>438</u>	<u>190</u>	<u>-</u>	<u>188</u>	<u>192,825</u>
-	237	380,661	208,353	35,944	44,482	1,873,304
-	-	-	5,907	-	487	25,221
<u>-</u>	<u>237</u>	<u>380,661</u>	<u>214,260</u>	<u>35,944</u>	<u>44,969</u>	<u>1,898,525</u>
<u>2,800</u>	<u>2,633</u>	<u>[380,223]</u>	<u>[214,070]</u>	<u>[35,944]</u>	<u>[44,781]</u>	<u>[1,705,700]</u>
442	2,992	-	-	-	-	287,246
[17,960]	[130]	-	-	-	-	[493,572]
<u>-</u>	<u>-</u>	<u>-</u>	<u>420,000</u>	<u>-</u>	<u>50,000</u>	<u>2,520,000</u>
<u>[17,518]</u>	<u>2,862</u>	<u>-</u>	<u>420,000</u>	<u>-</u>	<u>50,000</u>	<u>2,313,674</u>
[14,718]	5,495	[380,223]	205,930	[35,944]	5,219	607,974
<u>71,122</u>	<u>114,435</u>	<u>278,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[148,050]</u>
<u>\$ 56,404</u>	<u>\$ 119,930</u>	<u>\$ [101,699]</u>	<u>\$ 205,930</u>	<u>\$ [35,944]</u>	<u>\$ 5,219</u>	<u>\$ 459,924</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
LIBRARY FUND

For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 585,964	\$ -	\$585,964	\$ 576,912	\$ 576,912	\$ 9,052
Miscellaneous	<u>104</u>	<u>-</u>	<u>104</u>	<u>-</u>	<u>-</u>	<u>104</u>
Total revenues	<u>586,068</u>	<u>-</u>	<u>586,068</u>	<u>576,912</u>	<u>576,912</u>	<u>9,156</u>
EXPENDITURES:						
Culture and recreation	<u>578,030</u>	<u>-</u>	<u>578,030</u>	<u>578,030</u>	<u>578,030</u>	<u>-</u>
Total expenditures	<u>578,030</u>	<u>-</u>	<u>578,030</u>	<u>578,030</u>	<u>578,030</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	8,038	-	8,038	<u>\$ [1,118]</u>	<u>\$ [1,118]</u>	<u>\$ 9,156</u>
Unencumbered fund balance -						
Beginning of year	<u>5,197</u>	<u>-</u>	<u>5,197</u>			
Unencumbered fund balance - End of year	<u>\$ 13,235</u>	<u>\$ -</u>	<u>\$ 13,235</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
LIBRARY EMPLOYEE BENEFIT FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 40,175	\$ -	\$ 40,175	\$ 39,658	\$ 39,658	\$ 517
Total revenues	<u>40,175</u>	<u>-</u>	<u>40,175</u>	<u>39,658</u>	<u>39,658</u>	<u>517</u>
EXPENDITURES:						
Culture and recreation	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total expenditures	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	175	-	175	\$ [342]	\$ [342]	\$ 517
Unencumbered fund balance -						
Beginning of year	<u>679</u>	<u>-</u>	<u>679</u>			
Unencumbered fund balance - End of year	<u>\$ 854</u>	<u>\$ -</u>	<u>\$ 854</u>			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
CONVENTION AND TOURISM FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 280,771	\$ -	\$ 280,771	\$ 327,600	\$ 327,600	\$ [46,829]
Use of money and property	<u>94</u>	<u>-</u>	<u>94</u>	<u>302</u>	<u>302</u>	<u>[208]</u>
Total revenues	<u>280,865</u>	<u>-</u>	<u>280,865</u>	<u>327,902</u>	<u>327,902</u>	<u>[47,037]</u>
EXPENDITURES:						
Current						
General Government						
Appropriation	<u>280,771</u>	<u>-</u>	<u>280,771</u>	<u>334,650</u>	<u>334,650</u>	<u>53,879</u>
Total expenditures	<u>280,771</u>	<u>-</u>	<u>280,771</u>	<u>334,650</u>	<u>334,650</u>	<u>53,879</u>
Excess [deficiency] of revenues over [under] expenditures	94	-	94	<u>\$ [6,748]</u>	<u>\$ [6,748]</u>	<u>\$ 6,842</u>
Unencumbered fund balance - Beginning of year	<u>7</u>	<u>-</u>	<u>7</u>			
Unencumbered fund balance - End of year	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ 101</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
INDUSTRIAL FUND

For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 1,173	\$ -	\$ 1,173	\$ 1,170	\$ 1,170	\$ 3
Use of money and property	<u>1,294</u>	<u>-</u>	<u>1,294</u>	<u>1,539</u>	<u>1,539</u>	<u>[245]</u>
Total revenues	<u>2,467</u>	<u>-</u>	<u>2,467</u>	<u>2,709</u>	<u>2,709</u>	<u>[242]</u>
EXPENDITURES:						
Current						
Planning and development						
Contractual services	<u>1,772</u>	<u>-</u>	<u>1,772</u>	<u>110,750</u>	<u>110,750</u>	<u>108,978</u>
Total expenditures	<u>1,772</u>	<u>-</u>	<u>1,772</u>	<u>110,750</u>	<u>110,750</u>	<u>108,978</u>
Excess [deficiency] of revenues over [under] expenditures	695	-	695	<u>\$ [108,041]</u>	<u>\$ [108,041]</u>	<u>\$ 108,736</u>
Unencumbered fund balance - Beginning of year	<u>110,606</u>	<u>-</u>	<u>110,606</u>			
Unencumbered fund balance - End of year	<u>\$ 111,301</u>	<u>\$ -</u>	<u>\$ 111,301</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL ALCOHOL PROGRAM FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 67,840	\$ -	\$ 67,840	\$ 66,000	\$ 66,000	\$ 1,840
Use of money and property	<u>140</u>	<u>-</u>	<u>140</u>	<u>82</u>	<u>82</u>	<u>58</u>
Total revenues	<u>67,980</u>	<u>-</u>	<u>67,980</u>	<u>66,082</u>	<u>66,082</u>	<u>1,898</u>
EXPENDITURES:						
Current						
Health and environment						
Appropriation	<u>66,672</u>	<u>-</u>	<u>66,672</u>	<u>78,150</u>	<u>78,150</u>	<u>[11,478]</u>
Total expenditures	<u>66,672</u>	<u>-</u>	<u>66,672</u>	<u>78,150</u>	<u>78,150</u>	<u>[11,478]</u>
Excess [deficiency] of revenues over [under] expenditures	1,308	-	1,308	<u>\$ [12,068]</u>	<u>\$ [12,068]</u>	<u>\$ 13,376</u>
Unencumbered fund balance - Beginning of year	<u>18,802</u>	<u>-</u>	<u>18,802</u>			
Unencumbered fund balance - End of year	<u>\$ 20,110</u>	<u>\$ -</u>	<u>\$ 20,110</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL PARK AND RECREATION FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 67,840	\$ -	\$ 67,840	\$ 66,000	\$ 66,000	\$ 1,840
Use of money and property	267	-	267	-	-	267
Donations	3,951	-	3,951	-	-	3,951
Total revenues	<u>72,058</u>	<u>-</u>	<u>72,058</u>	<u>66,000</u>	<u>66,000</u>	<u>6,058</u>
EXPENDITURES:						
Current						
General government						
Contractual	35,345	-	35,345	-	-	[35,345]
Commodities	27,450	-	27,450	5,100	5,100	[22,350]
Capital outlay	6,071	-	6,071	64,000	64,000	57,929
Total expenditures	<u>68,866</u>	<u>-</u>	<u>68,866</u>	<u>69,100</u>	<u>69,100</u>	<u>234</u>
Excess [deficiency] of revenues over [under] expenditures	3,192	-	3,192	<u>\$ [3,100]</u>	<u>\$ [3,100]</u>	<u>\$ 6,292</u>
Unencumbered fund balance - Beginning of year	<u>4,753</u>	<u>-</u>	<u>4,753</u>			
Unencumbered fund balance - End of year	<u>\$ 7,945</u>	<u>\$ -</u>	<u>\$ 7,945</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL STREET FUND

For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 837,871	\$ -	\$ 837,871	\$ 893,320	\$ 893,320	\$ [55,449]
Use of money and property	1,258	-	1,258	483	483	775
Miscellaneous	<u>7,623</u>	<u>-</u>	<u>7,623</u>	<u>5,000</u>	<u>5,000</u>	<u>2,623</u>
Total revenues	<u>846,752</u>	<u>-</u>	<u>846,752</u>	<u>898,803</u>	<u>898,803</u>	<u>[52,051]</u>
EXPENDITURES:						
Current						
Highways and streets						
Personal services	477,743	-	477,743	444,232	444,232	[33,511]
Contractual	159,448	-	159,448	241,950	241,950	82,502
Commodities	103,416	-	103,416	113,350	113,350	9,934
Other charges	677	-	677	[36,450]	[36,450]	[37,127]
Debt service	-	-	-	45,000	45,000	45,000
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>
Total expenditures	<u>741,284</u>	<u>-</u>	<u>741,284</u>	<u>973,082</u>	<u>973,082</u>	<u>231,798</u>
Excess [deficiency] of revenues over [under] expenditures	105,468	-	105,468	[74,279]	[74,279]	179,747
OTHER FINANCING SOURCES [USES]:						
Transfers out	<u>[133,101]</u>	<u>-</u>	<u>[133,101]</u>	<u>-</u>	<u>-</u>	<u>[133,101]</u>
Excess of revenues over [under] expenditures and other financing [uses]	[27,633]	-	[27,633]	\$ [74,279]	\$ [74,279]	\$ 46,646
Unencumbered fund balance - Beginning of year	74,372	-	74,372			
Prior period adjustment	<u>[50,000]</u>	<u>-</u>	<u>[50,000]</u>			
Unencumbered fund balance - End of year	<u>\$ [3,261]</u>	<u>\$ -</u>	<u>\$ [3,261]</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
DRUG MONEY FORFEITURE FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 26,004	\$ -	\$ 26,004	\$ 14,000	\$ 14,000	\$ 12,004
Use of money and property	<u>229</u>	<u>-</u>	<u>229</u>	<u>307</u>	<u>307</u>	<u>[78]</u>
Total revenues	<u>26,233</u>	<u>-</u>	<u>26,233</u>	<u>14,307</u>	<u>14,307</u>	<u>11,926</u>
EXPENDITURES:						
Current						
Law enforcement						
Commodities	<u>31,253</u>	<u>-</u>	<u>31,253</u>	<u>44,500</u>	<u>44,500</u>	<u>13,247</u>
Total expenditures	<u>31,253</u>	<u>-</u>	<u>31,253</u>	<u>44,500</u>	<u>44,500</u>	<u>13,247</u>
Excess [deficiency] of revenues over [under] expenditures	[5,020]	-	[5,020]	<u>\$ [30,193]</u>	<u>\$ [30,193]</u>	<u>\$ 25,173</u>
Unencumbered fund balance - Beginning of year	<u>7,505</u>	<u>-</u>	<u>7,505</u>			
Unencumbered fund balance - End of year	<u>\$ 2,485</u>	<u>\$ -</u>	<u>\$ 2,485</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
DEBT SERVICE FUND

For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 2,291,915	\$ -	\$ 2,291,915	\$ 1,723,935	\$ 1,723,935	\$ 567,980
Special assessments	82,125	-	82,125	352,123	352,123	[269,998]
Intergovernmental	-	-	-	407,268	407,268	[407,268]
Use of money and property	13,417	-	13,417	5,421	5,421	7,996
Miscellaneous	-	-	-	1,000	1,000	[1,000]
Total revenues	<u>2,387,457</u>	<u>-</u>	<u>2,387,457</u>	<u>2,489,747</u>	<u>2,489,747</u>	<u>[102,290]</u>
EXPENDITURES:						
Debt Service						
Principal	1,446,200	-	1,446,200	1,546,250	1,546,250	100,050
Interest	1,045,801	-	1,045,801	1,009,958	1,009,958	[35,843]
Commission and postage	-	-	-	100	100	100
Total expenditures	<u>2,492,001</u>	<u>-</u>	<u>2,492,001</u>	<u>2,556,308</u>	<u>2,556,308</u>	<u>64,307</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[104,544]</u>	<u>-</u>	<u>[104,544]</u>	<u>[66,561]</u>	<u>[66,561]</u>	<u>[37,983]</u>
OTHER FINANCING SOURCES [USES]:						
Payment to refund bonds	[1,185,000]	-	[1,185,000]	-	-	[1,185,000]
Sale of bonds	945,000	-	945,000	-	-	945,000
Transfers in	<u>553,626</u>	<u>-</u>	<u>553,626</u>	<u>20,000</u>	<u>20,000</u>	<u>533,626</u>
Total other financing sources [uses]	<u>313,626</u>	<u>-</u>	<u>313,626</u>	<u>20,000</u>	<u>20,000</u>	<u>293,626</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>209,082</u>	<u>-</u>	<u>209,082</u>	<u>\$ [46,561]</u>	<u>\$ [46,561]</u>	<u>\$ 255,643</u>
Unencumbered fund balance - Beginning of year	<u>176,533</u>	<u>-</u>	<u>176,533</u>			
Unencumbered fund balance - End of year	<u>\$ 385,615</u>	<u>\$ -</u>	<u>\$ 385,615</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
SOLID WASTE DISPOSAL FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues and transfers						
Charges for services	\$2,579,219	\$ -	\$2,579,219	\$ 2,615,000	\$ 2,615,000	\$ [35,781]
Use of money and property	2,991	-	2,991	4,000	4,000	[1,009]
Reimbursements	-	-	-	15,000	15,000	[15,000]
Miscellaneous	24,479	-	24,479	1,000	1,000	23,479
Sale of salvage	<u>172,945</u>	<u>-</u>	<u>172,945</u>	<u>135,000</u>	<u>135,000</u>	<u>37,945</u>
Total revenues and transfers	<u>2,779,634</u>	<u>-</u>	<u>2,779,634</u>	<u>2,770,000</u>	<u>2,770,000</u>	<u>9,634</u>
Expenses and transfers						
Personal services	1,016,867	-	1,016,867	1,011,820	1,011,820	[5,047]
Contractual services	879,841	-	879,841	1,385,090	1,385,090	505,249
Commodities	290,264	-	290,264	142,400	142,400	[147,864]
Capital outlay	-	176,096	176,096	348,000	348,000	171,904
Debt service	-	-	-	37,363	37,363	37,363
Depreciation	234,997	[234,997]	-	-	-	-
Miscellaneous	13,024	-	13,024	[58,400]	[58,400]	[71,424]
Transfer out	<u>485,640</u>	<u>-</u>	<u>485,640</u>	<u>-</u>	<u>-</u>	<u>[485,640]</u>
Total operating expenses and transfers	<u>2,920,633</u>	<u>[58,901]</u>	<u>2,861,732</u>	<u>2,866,273</u>	<u>2,866,273</u>	<u>4,541</u>
Change in net assets	[140,999]	\$ <u>58,901</u>	[82,098]	\$ <u>[96,273]</u>	\$ <u>[96,273]</u>	\$ <u>14,175</u>
Net assets - Beginning of year	<u>2,342,175</u>		<u>2,285,706</u>			
Net assets - End of year	<u>\$2,201,176</u>		<u>\$2,203,608</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
SEWER UTILITY FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues and transfers						
Charges for services	\$ 3,191,405	\$ -	\$ 3,191,405	\$2,985,000	\$2,985,000	\$ 206,405
Use of money and property	2,078	-	2,078	2,000	2,000	78
Miscellaneous	20,399	-	20,399	5,000	5,000	15,399
Total revenues and transfers	<u>3,213,882</u>	<u>-</u>	<u>3,213,882</u>	<u>2,992,000</u>	<u>2,992,000</u>	<u>221,882</u>
Expenses and transfers						
Personal services	577,926	-	577,926	567,147	567,147	[10,779]
Contractual services	266,138	[10,800]	255,338	1,081,720	1,081,720	826,382
Commodities	87,148	-	87,148	116,100	116,100	28,952
Capital outlay	-	311,270	311,270	178,500	178,500	[132,770]
Debt service	313,205	-	313,205	404,375	404,375	91,170
Depreciation	979,586	[979,586]	-	-	-	-
Miscellaneous	-	-	-	661,850	661,850	661,850
Transfer out	549,000	-	549,000	-	-	[549,000]
Total operating expenses and transfers	<u>2,773,003</u>	<u>[679,116]</u>	<u>2,093,887</u>	<u>3,009,692</u>	<u>3,009,692</u>	<u>915,805</u>
Change in net assets	440,879	<u>\$ 679,116</u>	1,119,995	<u>\$ [17,692]</u>	<u>\$ [17,692]</u>	<u>\$ 1,137,687</u>
Net assets - Beginning of year	<u>11,659,648</u>		<u>11,540,480</u>			
Net assets - End of year	<u>\$12,100,527</u>		<u>\$12,660,475</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
WATER UTILITY FUND
For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues and transfers						
Charges for services	\$4,204,835	\$ -	\$ 4,204,835	\$ 4,620,000	\$ 4,620,000	\$ [415,165]
Use of money and property	87,320	-	87,320	20,000	20,000	67,320
Miscellaneous	5,716	-	5,716	4,000	4,000	1,716
Total revenues and transfers	<u>4,297,871</u>	<u>-</u>	<u>4,297,871</u>	<u>4,644,000</u>	<u>4,644,000</u>	<u>[346,129]</u>
Expenses and transfers						
Personal services	626,864	-	626,864	701,247	701,247	74,383
Contractual services	1,126,773	[128,803]	997,970	1,782,140	1,782,140	784,170
Commodities	435,253	-	435,253	375,250	375,250	[60,003]
Capital outlay	24,092	75,106	99,198	348,000	348,000	248,802
Debt service	413,698	-	413,698	426,555	426,555	12,857
Depreciation	857,472	[857,472]	-	-	-	-
Miscellaneous	19,116	-	19,116	721,750	721,750	702,634
Sale of salvage	45,331	-	45,331	-	-	[45,331]
Transfer out	1,006,240	-	1,006,240	-	-	[1,006,240]
Total operating expenses and transfers	<u>4,554,839</u>	<u>[911,169]</u>	<u>3,643,670</u>	<u>4,354,942</u>	<u>4,354,942</u>	<u>711,272</u>
Change in net assets	[256,968]	<u>\$ 911,169</u>	654,201	<u>\$ 289,058</u>	<u>\$ 289,058</u>	<u>\$ 365,143</u>
Net assets - Beginning of year	<u>9,283,614</u>		<u>9,913,616</u>			
Net assets - End of year	<u>\$9,026,646</u>		<u>\$10,567,817</u>			

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis.

Workers' Compensation Fund - To account for contributions made by the City to be used for paying claims for job-related injuries.

Employee Health Care Fund - To account for contributions made by the City, City employees and former City employees to be used for payment of medical claims of covered participants and additional health insurance premiums.

CITY OF EMPORIA, KANSAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2004

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health</u> <u>Care</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 56,684	\$ 97,205	\$ 153,889
Investments	<u>1,048,001</u>	<u>598,858</u>	<u>1,646,859</u>
Total assets	<u>\$ 1,104,685</u>	<u>\$ 696,063</u>	<u>\$ 1,800,748</u>
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable	\$ 7,257	\$ -	\$ 7,257
Unpaid claims	<u>367,885</u>	<u>74,383</u>	<u>442,268</u>
Total liabilities	375,142	74,383	449,525
Net Assets			
Unrestricted	<u>729,543</u>	<u>621,680</u>	<u>1,351,223</u>
Total liabilities and net assets	<u>\$ 1,104,685</u>	<u>\$ 696,063</u>	<u>\$ 1,800,748</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2004

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health</u> <u>Care</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 243,658	\$ 1,223,359	\$ 1,467,017
Miscellaneous	<u>2,683</u>	<u>-</u>	<u>2,683</u>
Total operating revenues	<u>246,341</u>	<u>1,223,359</u>	<u>1,469,700</u>
Operating expenses			
Cost of services	<u>180,069</u>	<u>1,056,190</u>	<u>1,236,259</u>
Total operating expenses	<u>180,069</u>	<u>1,056,190</u>	<u>1,236,259</u>
Operating income [loss]	66,272	167,169	233,441
Nonoperating revenues [expenses]			
Interest income	<u>11,777</u>	<u>5,922</u>	<u>17,699</u>
Changes in net assets	78,049	173,091	251,140
Net assets, January 1	<u>651,494</u>	<u>448,589</u>	<u>1,100,083</u>
Net assets, December 31	<u>\$ 729,543</u>	<u>\$ 621,680</u>	<u>\$ 1,351,223</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2004

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health</u> <u>Care</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from participants	\$ 243,658	\$ 1,223,359	\$ 1,467,017
Cash paid to suppliers	[173,574]	[994,752]	[1,168,326]
Other operating receipts	<u>2,683</u>	<u>-</u>	<u>2,683</u>
Net cash provided by [used for] operating activities	<u>72,767</u>	<u>228,607</u>	<u>301,374</u>
Cash flows from investing activities			
Proceeds from sale of investments	948,960	374,589	1,323,549
Purchase of investments	[1,048,001]	[598,858]	[1,646,859]
Interest received	<u>11,777</u>	<u>5,922</u>	<u>17,699</u>
Net cash provided by [used for] investing activities	<u>[87,264]</u>	<u>[218,347]</u>	<u>[305,611]</u>
Net increase [decrease] in cash and cash equivalents	[14,497]	10,260	[4,237]
Cash and cash equivalents, January 1	<u>71,181</u>	<u>86,945</u>	<u>158,126</u>
Cash and cash equivalents, December 31	<u>\$ 56,684</u>	<u>\$ 97,205</u>	<u>\$ 153,889</u>
Reconciliation of operating income [loss] to net cash provided by [used for] operating activities			
Operating income [loss]	\$ 66,272	\$ 167,169	\$ 233,441
Adjustments to reconcile operating income [loss] to net cash provided by [used for] operating activities			
Changes in assets and liabilities			
Increase [decrease] in claims payable	5,800	61,438	67,238
Increase [decrease] in accounts payable	<u>695</u>	<u>-</u>	<u>695</u>
Net cash provided by [used for] operating activities	<u>\$ 72,767</u>	<u>\$ 228,607</u>	<u>\$ 301,374</u>

See independent auditor's report on the financial statements.

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CITY OF EMPORIA, KANSAS
TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and / or other funds.

Tree Private Purpose Trust Fund - To account for monies provided by private donors to finance planting of trees.

Fremont Park Private Purpose Trust Fund - To account for the money donated to the City for the purpose of building a display shelter for the railroad engine and caboose at Fremont Park.

Las Casitas Park Private Purpose Trust Fund - To account for monies provided by private donors to finance improvements to the Las Casitas Park.

Economic Development Private Purpose Trust Fund - To provide a financial resource which enhances the City's ability to attract new economic development projects by lending money to businesses that is repaid with interest. The fund was created with money generated by a Chamber of Commerce fund drive and money repaid to the City for state and federal grants.

Municipal Court Agency Fund - To account for the collection and payment of court fines and fees.

Fire Insurance Proceeds Agency Fund - To account for a portion of insurance proceeds from fire and casualty losses to structures within the City. Proceeds are returned to property owners upon substantial completion of repairs or demolition of structure.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004

	Private Purpose Trust				
	<u>Tree</u>	<u>Fremont Park</u>	<u>Las Casitas Park</u>	<u>Economic Development</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 2,090	\$ 10	\$ 629	\$ 290,907	\$ 293,636
Accounts receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	660	660
Notes receivable	-	-	-	614,488	614,488
Total Assets	<u>\$ 2,090</u>	<u>\$ 10</u>	<u>\$ 629</u>	<u>\$ 906,055</u>	<u>\$ 908,784</u>
Liabilities					
Due to general fund	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Reserved for economic development	-	-	-	906,055	906,055
Unreserved					
Undesignated	<u>2,090</u>	<u>10</u>	<u>629</u>	<u>-</u>	<u>2,729</u>
Total liabilities and fund balances	<u>\$ 2,090</u>	<u>\$ 10</u>	<u>\$ 629</u>	<u>\$ 906,055</u>	<u>\$ 908,784</u>

Agency Funds		
<u>Municipal</u> <u>Court</u>	<u>Fire Insurance</u> <u>Proceeds</u>	<u>Total</u>
\$ -	\$ 115,140	\$ 115,140
421,366	-	421,366
-	-	-
-	-	-
<u>\$ 421,366</u>	<u>\$ 115,140</u>	<u>\$ 536,506</u>
\$ 421,366	\$ -	\$ 421,366
-	115,140	115,140
<u>421,366</u>	<u>115,140</u>	<u>536,506</u>
-	-	-
-	-	-
<u>\$ 421,366</u>	<u>\$ 115,140</u>	<u>\$ 536,506</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2004

	Private Purpose Trust				
	<u>Tree</u>	<u>Fremont Park</u>	<u>Las Casitas Park</u>	<u>Economic Development</u>	<u>Total</u>
Additions:					
Interest Income	\$ 25	\$ -	\$ 7	\$ 22,016	\$ 22,048
Deductions	-	-	-	-	-
Change in net assets	25	-	7	22,016	22,048
Fund balances, January 1	<u>2,065</u>	<u>10</u>	<u>622</u>	<u>884,039</u>	<u>886,736</u>
Fund balances, December 31	<u>\$ 2,090</u>	<u>\$ 10</u>	<u>\$ 629</u>	<u>\$ 906,055</u>	<u>\$ 908,784</u>

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended December 31, 2004

	Balance January 1, <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2004</u>
Accounts receivable	\$ 305,904	\$ 115,462	\$ -	\$ 421,366
Cash and cash equivalents	<u>29,101</u>	<u>86,064</u>	<u>25</u>	<u>115,140</u>
Total assets	<u>\$ 335,005</u>	<u>\$ 201,526</u>	<u>\$ 25</u>	<u>\$ 536,506</u>
Due to general fund	\$ 305,904	\$ 115,462	\$ -	\$ 421,366
Accounts payable	<u>29,101</u>	<u>86,064</u>	<u>25</u>	<u>115,140</u>
Total liabilities	<u>\$ 335,005</u>	<u>\$ 201,526</u>	<u>\$ 25</u>	<u>\$ 536,506</u>

See independent auditor's report on the basic financial statements.

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STATISTICAL SECTION

Table 1

CITY OF EMPORIA, KANSAS

GENERAL GOVERNMENTAL EXPENDITURES
AND OTHER USES BY FUNCTION - BUDGETARY BASIS [1]
Last ten fiscal years
(Unaudited)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General government	\$ 2,500,944	\$ 2,717,096	\$ 2,985,462	\$ 2,587,804
Public safety	7,633,408	7,243,018	6,943,657	6,614,245
Public health	66,672	66,180	59,010	63,600
Public works	1,403,433	1,065,634	798,629	584,127
Culture and recreation	2,021,225	1,861,183	1,995,556	1,856,990
Community and industrial planning and development	1,485,858	1,088,645	994,069	299,584
Public transportation	99,457	88,910	88,711	693,455
Street lighting	172,554	171,403	174,716	168,438
Airport operations	345,189	290,382	327,145	369,234
Debt service	2,519,709	1,991,777	2,667,912	1,839,194
Interfund transfers	<u>983,921</u>	<u>1,149,230</u>	<u>1,182,874</u>	<u>1,178,302</u>
	<u>\$ 19,232,370</u>	<u>\$ 17,733,458</u>	<u>\$ 18,217,741</u>	<u>\$ 16,254,973</u>

[1] Includes General, Special Revenue and Debt Service Funds.

Table 1

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 2,020,869	\$ 2,220,015	\$ 2,212,598	\$ 3,986,801	\$ 3,509,204	\$ 2,105,266
6,342,548	6,119,047	5,980,764	5,487,770	5,238,289	5,010,082
63,600	63,729	63,600	67,867	66,300	60,300
235,678	453,346	589,435	613,342	550,680	558,414
2,025,921	1,923,260	1,782,498	1,651,418	2,171,457	1,577,619
1,095,703	1,175,926	471,000	257,596	254,406	413,111
97,755	103,899	98,303	98,176	104,337	91,683
165,357	163,480	172,323	159,476	162,078	160,762
399,110	342,067	360,471	324,244	337,078	311,677
2,175,500	1,785,018	1,013,750	1,325,267	2,873,814	1,140,054
<u>1,700,118</u>	<u>1,210,951</u>	<u>[2,131,241]</u>	<u>945,182</u>	<u>159,224</u>	<u>124,449</u>
<u>\$ 16,322,159</u>	<u>\$ 15,560,738</u>	<u>\$ 10,613,501</u>	<u>\$ 14,917,139</u>	<u>\$ 15,426,867</u>	<u>\$ 11,553,417</u>

Table 2

CITY OF EMPORIA, KANSAS
 GENERAL GOVERNMENTAL EXPENDITURES
 AND OTHER USES BY FUNCTION - MODIFIED ACCRUAL BASIS [1]
 Last ten fiscal years
 (Unaudited)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General government	\$ 2,500,944	\$ 2,732,240	\$ 3,007,017	\$ 2,331,773
Public safety	7,633,408	7,244,197	7,022,651	6,729,779
Public health	66,672	66,180	59,010	63,600
Public works	1,403,433	1,093,804	708,387	584,127
Culture and recreation	2,021,225	1,862,663	2,002,345	1,853,974
Community and industrial planning and development	1,485,858	1,088,645	1,254,285	1,288,605
Public transportation	99,457	88,910	88,711	84,207
Street lighting	172,554	171,403	174,716	168,438
Airport operations	345,189	290,382	327,488	370,985
Debt service	2,519,709	1,991,777	2,667,912	1,839,194
Interfund transfers	<u>983,921</u>	<u>1,149,230</u>	<u>1,213,950</u>	<u>1,224,861</u>
	<u>\$ 19,232,370</u>	<u>\$ 17,779,431</u>	<u>\$ 18,526,472</u>	<u>\$ 16,539,543</u>

[1] Includes General, Special Revenue and Debt Service Funds.

Table 2

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 2,062,363	\$ 2,212,786	\$ 2,222,278	\$ 2,413,091	\$ 2,581,410	\$ 1,972,628
6,517,168	6,174,744	5,940,174	5,485,494	5,235,960	5,009,537
63,600	146,564	139,527	104,732	111,977	60,300
235,678	468,081	589,435	444,774	550,965	552,519
1,763,485	1,968,810	2,331,356	2,314,554	2,117,714	1,551,100
1,367,275	1,432,011	609,081	2,261,564	1,273,380	391,027
97,755	103,899	98,303	104,337	104,337	91,683
165,357	163,480	159,476	162,078	162,078	160,762
403,835	337,579	360,471	324,244	337,078	311,677
2,195,908	1,807,977	1,572,925	1,325,267	2,873,814	1,140,054
<u>1,701,943</u>	<u>1,212,802</u>	<u>955,561</u>	<u>991,284</u>	<u>1,069,350</u>	<u>66,889</u>
<u>\$ 16,574,367</u>	<u>\$ 16,028,733</u>	<u>\$ 14,978,587</u>	<u>\$ 15,931,419</u>	<u>\$ 16,418,063</u>	<u>\$ 11,308,176</u>

Table 3

CITY OF EMPORIA, KANSAS
 GENERAL GOVERNMENTAL REVENUES
 AND OTHER FINANCING SOURCES BY SOURCE [1]
 Last ten fiscal years
 (Unaudited)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Taxes	\$ 11,545,148	\$ 10,429,929	\$ 10,000,954	\$ 9,622,700
Special assessments	82,125	140,766	343,853	397,346
Intergovernmental	1,947,213	1,780,466	2,496,640	1,827,866
Licenses, permits and fees	222,834	223,767	230,372	252,453
Charges for services	1,664,767	1,215,208	1,001,003	944,841
Fines and fees	846,047	609,956	904,089	694,922
Use of money and property	116,736	118,963	156,949	240,717
Interfund transfers	3,231,127	3,110,937	3,411,687	2,653,468
Other [2]	<u>1,089,338</u>	<u>110,386</u>	<u>241,416</u>	<u>111,623</u>
	<u>\$ 20,745,335</u>	<u>\$ 17,740,378</u>	<u>\$ 18,786,963</u>	<u>\$ 16,745,936</u>

[1] Includes General, Special Revenue and Debt Service Funds.

[2] Includes contributions, temporary note proceeds, bonds issued and miscellaneous.

Table 3

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 9,249,638	\$ 8,693,691	\$ 8,511,816	\$ 7,886,345	\$ 8,464,993	\$ 8,653,544
283,929	178,408	200,285	214,847	207,454	195,617
2,197,255	2,636,096	3,089,123	2,490,794	1,776,541	1,661,426
239,039	244,057	150,950	150,857	153,124	130,859
1,041,456	956,462	981,497	861,055	821,329	865,920
662,477	575,612	663,722	661,329	641,358	518,949
333,827	242,667	161,660	134,335	139,399	221,042
2,128,096	2,624,526	2,334,730	1,859,648	1,832,044	794,097
<u>214,560</u>	<u>160,641</u>	<u>291,468</u>	<u>311,090</u>	<u>825,227</u>	<u>168,767</u>
<u>\$ 16,350,277</u>	<u>\$ 16,312,160</u>	<u>\$ 16,385,251</u>	<u>\$ 14,570,300</u>	<u>\$ 14,861,469</u>	<u>\$ 13,210,221</u>

Table 4

CITY OF EMPORIA, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten fiscal years
(Unaudited)

<u>Year</u>	<u>Total Tax Levied</u>	<u>Current Tax Collected</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collected</u>	<u>Total Tax Collected</u>	<u>Percent of Total Collections to Levy</u>
1995	\$ 4,058,795	\$ 3,751,997	92.441%	\$ 38,817	\$ 3,790,814	93.398%
1996	3,383,620	3,058,392	90.388%	40,228	3,098,620	91.577%
1997	3,298,036	3,205,126	97.183%	[16,113] [1]	3,189,013	96.694%
1998	3,549,552	3,431,328	96.669%	55,294	3,486,622	98.227%
1999	3,937,947	3,521,189	89.417%	59,357	3,580,546	90.924%
2000	4,099,136	3,841,308	93.710%	41,556	3,882,864	94.724%
2001	4,417,433	3,956,498	89.566%	42,829	3,999,327	90.535%
2002	4,980,869	4,284,854	86.026%	80,801	4,365,655	87.648%
2003	5,406,369	4,808,654	88.944%	72,483	4,881,137	90.285%
2004	5,524,098	5,274,464	95.481%	67,114	5,341,578	96.696%

[1] Taxes paid under protest in prior years that were refunded to taxpayers during the current year.

CITY OF EMPORIA, KANSAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last ten fiscal years
(Unaudited)

<u>Year</u>	<u>Assessed Value Real Estate [1]</u>	<u>Assessed Value Tangible Personal Property [1]</u>	<u>Assessed Value State Appraised Public Service Companies [1]</u>	<u>Total Assessed Value</u>	<u>Total Estimated Appraised Value [2]</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value</u>	<u>Assessed Value of Motor Vehicles [2]</u>
1995	\$ 67,384.6	\$ 11,981.9	\$ 6,772.4	\$ 86,138.9	\$ 597,962.3	14.4%	\$ 18,819.0
1996	76,393.5	13,517.9	6,614.8	96,526.2	602,876.2	16.0%	19,076.0
1997	80,074.7	12,685.2	7,353.4	100,113.3	581,828.3	17.2%	19,847.5
1998	80,780.9	13,519.5	7,037.0	101,337.4	562,339.0	18.0%	19,806.5
1999	83,478.4	17,181.8	7,935.4	108,595.6	605,629.7	17.9%	19,986.0
2000	89,299.5	15,760.1	7,974.6	113,034.2	590,850.5	19.1%	19,989.3
2001	92,214.7	17,874.9	8,104.4	118,994.0	663,678.0	17.9%	19,517.8
2002	99,437.3	22,854.8	8,962.1	131,254.2	730,047.7	18.0%	20,866.0
2003	104,384.3	21,561.4	8,813.1	134,758.8	760,455.4	17.7%	21,176.1
2004	107,062.0	16,921.9	9,327.6	133,311.5	800,452.0	16.7%	21,704.6

(All figures are in thousands of dollars.)

[1] From Abstract of the Valuation of Taxable Property prepared by the Lyon County Clerk.

[2] From Lyon County Appraiser's Office.

Table 6

CITY OF EMPORIA, KANSAS

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)

Last ten fiscal years

(Unaudited)

<u>Year</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>	<u>Unified School District</u>	<u>State and County</u>	<u>Total</u>
1995	3.2577	0.5282	0.6958	4.4817	4.7441	4.9945	14.2203
1996	2.2302	0.4225	0.7789	3.4316	4.9187	4.9488	13.2991
1997	2.3212	0.4218	0.6807	3.4237	4.8911	4.7161	13.0309
1998	2.3826	0.4218	0.7285	3.5329	4.5199	4.5500	12.6028
1999	2.2138	0.4067	1.0078	3.6283	4.5103	4.9273	13.0659
2000	2.1425	0.4237	1.0462	3.6124	4.7444	4.0481	12.4049
2001	2.1802	0.4046	1.0034	3.5882	6.1109	4.7092	14.4083
2002	2.4333	0.4218	0.9853	3.8404	6.1160	4.5962	14.5526
2003	2.5546	0.4293	1.2223	4.2062	6.0213	4.9687	15.1962
2004	2.6198	0.4314	1.0747	4.1259	5.7721	5.2046	15.1026

Source: Tax Levy Rates, Lyon County Treasurer

CITY OF EMPORIA, KANSAS
 SPECIAL ASSESSMENTS - BILLINGS AND COLLECTIONS
 Last ten fiscal years
 (Unaudited)

<u>Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected [1]</u>	<u>Ratio of Collections to Amount Due</u>	<u>Back Tax Collected</u>	<u>Total Tax Collected</u>	<u>Percent of Total Collections to Levy</u>
1995	\$ 200,000	\$ 195,617	97.809%	\$ 7,294	\$ 202,911	101.456%
1996	179,000	207,454	115.896%	7,102	214,556	119.864%
1997	212,682	214,847	101.018%	[2,639]	212,208	99.777%
1998	166,500	200,285	120.291%	11,109	211,394	126.963%
1999	159,541	178,408	111.826%	12,000	190,408	119.347%
2000	149,700	181,587	121.301%	9,000	190,587	127.313%
2001	159,798	226,289	141.609%	10,619	236,908	148.255%
2002	192,313	234,005	121.679%	22,418	256,423	133.336%
2003	218,280	257,888	118.146%	20,043	277,931	127.328%
2004	352,123	239,435	67.998%	18,155	257,589	73.153%

[1] Includes special assessments paid by taxpayers directly to city clerk, some prematurely.

Table 8

CITY OF EMPORIA, KANSAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITALast ten fiscal years
(Unaudited)

<u>Year</u>	<u>Population</u>		<u>Assessed Value (in thousands)</u>	<u>Gross Bonded Debt [1]</u>	<u>Debt Service Monies Available</u>	<u>Debt Payable from Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1995	25,512	[2]	\$ 86,139	\$ 20,735,000	\$ 206,435	\$ 7,795,000	\$ 12,733,565	14.783%	\$ 499
1996	25,512	[2]	96,528	21,775,000	218,669	7,440,000	14,116,331	14.624%	553
1997	25,512	[2]	100,113	22,135,000	286,362	6,000,000	15,848,638	15.831%	621
1998	25,512	[2]	101,337	24,135,000	238,518	-	23,896,482	23.581%	937
1999	25,512	[2]	108,596	22,700,000	147,400	-	22,552,600	20.767%	884
2000	26,760	[3]	113,034	25,035,000	100,916	-	24,934,084	22.059%	932
2001	26,760	[3]	118,994	29,275,000	247,620	-	29,027,380	24.394%	1,085
2002	26,760	[3]	131,254	29,955,000	24,843	-	29,930,157	22.803%	1,118
2003	26,760	[3]	134,759	29,615,000	208,172	-	29,406,828	21.822%	1,099
2004	26,760	[3]	133,312	30,310,000	391,321	-	29,918,679	22.443%	1,118

[1] Includes all long-term debt.

[2] U.S. Census 1990.

[3] U.S. Census 2000.

CITY OF EMPORIA, KANSAS
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 December 31, 2004
 (Unaudited)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Emporia</u>	<u>Amount Applicable to City of Emporia</u>
City of Emporia, Kansas	\$ 30,310,000	100.000%	\$ 30,310,000
Unified School District #253	40,385,000	87.197%	35,214,688
Lyon County, Kansas	16,715,000	63.085%	<u>10,544,738</u>
Total			<u>\$ 76,069,426</u>

Table 10

CITY OF EMPORIA, KANSAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT [1] TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

Last ten fiscal years

(Unaudited)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures [2]</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1995	\$ 730,000	\$ 409,995	\$ 1,139,995	\$ 11,308,176	10.081%
1996	2,390,000	483,814	2,873,814	16,418,063	17.504%
1997	812,500	512,725	1,325,225	15,931,419	8.318%
1998	1,013,750	559,112	1,572,862	14,978,587	10.501%
1999	1,152,195	621,682	1,773,877	16,028,733	11.067%
2000	1,187,195	590,167	1,777,362	16,574,367	10.724%
2001	1,277,486	550,567	1,828,053	16,539,543	11.053%
2002	1,519,540	1,123,334	2,642,874	18,526,472	14.265%
2003	969,053	993,296	1,962,349	17,779,431	11.037%
2004	1,446,200	979,244	2,425,444	19,232,370	12.611%

[1] Does not include defeased debt.

[2] Includes General, Special Revenue and Debt Service Funds.

CITY OF EMPORIA, KANSAS

REVENUE BOND COVERAGE
WATER AND SEWER BONDS

Last ten fiscal years

(Unaudited)

<u>Year</u>	<u>Gross Revenue</u>	<u>Direct Operating Expenses [1]</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1995	\$ 5,007,990	\$ 3,106,527	\$ 1,901,463	\$ 530,000	\$328,741	\$ 858,741	2.2142
1996	3,853,167	2,632,447	1,220,720	570,000	327,259	897,259	1.3605
1997	3,337,956	2,109,170	1,228,786	372,500	476,016	848,516	1.4482
1998 [2]	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-

[1] Total expenses exclusive of depreciation and debt service.

[2] No debt service requirements as all revenue bonds were defeased by 1998.

[3] Debt service requirement greater than net revenue available for debt service.

Table 12

CITY OF EMPORIA, KANSAS

DEMOGRAPHIC STATISTICS

Last ten fiscal years
(Unaudited)

<u>Year</u>	<u>Population [1]</u>	<u>Per Capita Income [2]</u>	<u>Employment [3]</u>	<u>School Enrollment [4]</u>	<u>Retail Sales [5] in Hundreds</u>
1995	25,512	\$ 18,069	13,842	4,940	\$ 282,029.1
1996	25,512	18,611	13,837	5,005	310,455.5
1997	25,512	19,169	18,633	4,920	319,388.9
1998	25,512	19,728	19,618	4,968	334,166.9
1999	25,512	20,286	19,444	5,035	351,761.4
2000	26,760	20,844	19,316	5,026	368,640.0
2001	26,760	21,403	19,336	5,070	356,917.4
2002	26,760	21,961	19,407	4,813	353,612.2
2003	26,760	22,519	19,614	4,764	353,237.5
2004	26,760	23,078	18,491	4,762	354,529.7

[1] U.S. Census (1995 - 1999 amounts are from 1990 census and 2000 - 2004 amounts are from 2000 census).

[2] Lyon County per capita income from Bureau of Economic Analysis (1995 and 1996 estimated based on 3% annual inflation).

[3] State of Kansas, Division of Employment.

[4] Annual school census.

[5] City sales tax collections.

CITY OF EMPORIA, KANSAS

PROPERTY VALUE OF CONSTRUCTION
Last ten fiscal years
(Unaudited)

<u>Year</u>	<u>New Single Family Dwellings</u>	<u>Total Value New Single Family Dwellings</u>	<u>Total Permits [1]</u>	<u>Total Construction Valuation [1]</u>	
1995	18	\$ 1,735,201	614	\$ 13,805,187	
1996	30	2,914,249	829	15,229,107	
1997	18	1,544,859	658	14,839,473	[2]
1998	23	2,016,467	627	23,285,937	[3]
1999	28	2,558,457	788	35,983,712	[4]
2000	21	2,070,293	653	38,565,007	[5]
2001	34	3,665,594	767	42,661,270	[6]
2002	22	2,674,110	643	42,834,756	[7]
2003	29	3,272,222	673	22,164,184	
2004	30	3,691,455	750	21,147,315	[8]

Source: City of Emporia Planning and Development Department.

[1] Includes single and multiple family dwellings and commercial, industrial and institutional construction.

[2] Includes new aviation basins for IBP.

[3] Includes Menu Foods

[4] Includes Menu Foods expansion, Flying J Travel Plaza and Caterpillar Plant.

[5] Includes new Courthouse, Wastewater plant renovation, Hopkins expansion & Menu addition.

[6] Includes Norfolk Steel, IBP, Newman Hospital expansion, Aquatic Center, Safeway Pet Food expansion, & Emporia Surgical Center.

[7] Includes new Elementary School & Wastewater plant renovation

[8] Includes Wyndam Place Apts., Candlewood Strip Mall, Comfort Inn

Table 14

CITY OF EMPORIA, KANSAS

PRINCIPAL TAXPAYERS

December 31, 2004

(Unaudited)

<u>Business Name</u>	<u>Type of Business</u>	2004 Aggregate Tax <u>Liability</u>
Westar Energy	Electric utility	\$ 684,991
Tyson Fresh Meals	Livestock processor	603,531
Southwestern Bell Telephone Company	Telephone	367,383
Emporia ROS (Wal-Mart)	Discount/Variety store	323,258
Kansas Gas Service	Gas utility	218,904
Bunge Corporation	Grain processor	216,223
Interstate Brands Corporation	Bakery	212,349
Modine Manufacturing	Automotive parts manufacturer	206,487
Safeway Pet Food	Pet food manufacturer	190,306
Menu Pet Food	Pet food manufacturer	<u>188,931</u>
		3,212,363
Total City and County levy	28,539,281	
City total levy	4,099,136	<u>14.363%</u>
Estimated city tax revenues from top 10 taxpayers		461,396
Total taxes levied by city for 2003*		4,099,136
Portion of 2003 city tax revenues paid by top 10 taxpayers		11.256%

* includes property tax liability from all sources.

Source: Lyon County Treasurer.

CITY OF EMPORIA, KANSAS

MISCELLANEOUS STATISTICS

December 31, 2004

(Unaudited)

Date of incorporation		1857
Form of government		Commission - Manager
Area		11.61 square miles
Miles of paved streets		167
Fire protection:		
	Number of stations	2
	Number of firefighters	49
Police protection:		
	Number of stations	1
	Number of commissioned officers	49
Education:		
	Attendance centers (elementary)	11
	Number of students	2636
	Attendance centers (middle)	1
	Number of students	681
	Attendance centers (secondary)	1
	Number of students	1445
	Vocational / technical	1
	Number of students	431
	Colleges and universities	1
	Number of students	6194
Municipal water department:		
	Number of consumers	9257
	Average daily consumption	9.4 million gallons
	Miles of water mains	177
Building permits issued		643
Recreation and culture:		
	Number of parks	20 with 357.279 acres
	Number of libraries	1
	Number of volumes	96,041
Employees:		
	Classified service	290 full and part-time

Table 16

CITY OF EMPORIA, KANSAS
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
Last ten fiscal years
(Unaudited)

<u>Year</u>	<u>Property Value [1]</u>	<u>Total Construction Valuation</u>	<u>Bank Deposits [1]</u>
1995	\$ 597,962.0	\$ 13,805,187	\$ 340,306 [2]
1996	602,876.2	15,229,107	337,296 [2]
1997	581,628.3	14,839,473	363,007 [2]
1998	562,339.0	23,285,937	346,737 [3]
1999	605,629.7	35,983,712	350,669 [3]
2000	590,850.5	38,565,007	364,400 [3]
2001	663,678.0	42,661,270	366,372 [3]
2002	730,047.7	42,834,756	372,546 [3]
2003	760,455.4	22,164,184	379,642 [4]
2004	800,452.0	21,147,315	382,796 [4]

[1] in thousands of dollars.

[2] Omits largest institution, Bank of America, now branch of Intra-state bank. Separate figures not available.

[3] Omits 2 institutions, Bank of America and Intrust Bank, now branches of Intra-state banks. Separate figures not available.

[4] Omits 2 institutions, Bank of America and State Bank of Kansas, now branches of Intra-state banks. Separate figures not available.

CITY OF EMPORIA, KANSAS
 COMPUTATION OF LEGAL DEBT MARGIN
 December 31, 2004
 (Unaudited)

Assessed valuation at August 25, 2004		<u>\$ 133,311,500</u>
Debt limit - 30% of assessed valuation (KSA 10-308)		\$ 39,993,450
Bonded indebtedness	\$ 30,310,000	
Less: exempt revenue bonds per KSA 10-311	<u>None</u>	<u>30,310,000</u>
Legal debt margin		<u>\$ 9,683,450</u>

GOVERNMENTAL AUDIT SECTION

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
E-mail: lswwcpa@lswwcpa.com

David A. Lowenthal, CPA
Thomas E. Singleton, CPA
Patricia L. Webb, CPA
Thomas G. Wilson, CPA
Audrey M. Odermann, CPA

Paul M. Borchardt, CPA
Abram M. Chrislip, CPA
Grant A. Huddin, CPA
Leanne E. Miller, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Mayor and City Commissioners
City of Emporia, Kansas

We have audited the basic financial statements of City of Emporia, Kansas, as of and for the year ended December 31, 2004, and have issued our report thereon dated February 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain other matters involving the internal control over financial reporting that we have reported to the management in a separate letter dated February 24, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

This report is intended for the information of the mayor, city commission and management and should not be used by anyone other than these specified parties.

Lowenthal, Singleton, Webb & Wilson

Professional Association

February 24, 2005